



SPRING 2001 REVENUE SOURCES BOOK

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April 11, 2001

The Honorable Tony Knowles
Governor of Alaska
P.O. Box 110001
Juneau, AK 99811-0001

Dear Governor Knowles:

There are no surprises in the Spring 2001 Revenue Sources Book. That doesn't mean it isn't useful to Alaskans. I believe people need to understand all of the pieces of the state's fiscal situation as they plan for the future. It's just that the state's oil revenues, investment earnings and fiscal health are pretty much what you would expect from reading the news in recent months. Oil prices are higher than normal, but less than they were six months ago. Alaska North Slope producers are moving ahead with new production. The falling stock market has taken its toll at the Permanent Fund, but falling interest rates have made for nice profits for bond investors — including the Constitutional Budget Reserve Fund.

More specific to Alaska, oil prices are still above their historical average, although lower than last fall. We expect to close out FY2001 with a year-end average of \$27.61 a barrel for Alaska North Slope crude. Although that's down from our December forecast of \$30.17, it's still about \$10 above the historical average for ANS.

Our forecast for FY2002 is \$22.35 per barrel, followed by \$20.97 in FY2003 and \$19.67 in FY2004 as we expect the Organization of Petroleum Exporting Countries will fail in its bid to maintain higher prices. Those numbers are, on average, \$1.48 per barrel less than what we had forecast in December. The change is because world markets are increasingly skeptical that OPEC will be able to hold to production quotas. If, as many fear, some OPEC nations give in to temptation and exceed their quotas, the world oil supply will grow faster than demand — pushing down prices. No doubt the economic slowdown in the United States and elsewhere, and Japan's inability to get its economy moving, are helping to hold back the worldwide demand for oil.

Although Alaska North Slope production is down half a percent from our forecast for FY2001, we forecast production gains for the next several years. From this year's average daily flow of 995,000 barrels, we forecast production to average more than 1.07 million barrels per day over the next five years. The increase should come from new developments at Alpine, Nanuq, Northstar, Meltwater and new Prudhoe Bay satellite facilities. It's encouraging to see the rebound after this year's lower-than-expected production, which is the first time ANS production has fallen below 1 million barrels per day since the first year of operations at Prudhoe Bay.

Even with an increase in production, the weaker price outlook means we expect to lose several months of life from the Constitutional Budget Reserve Fund. Whereas we said last fall the fund might survive until December 2005, our spring forecast shows the savings account will hit empty in July 2005. Of course, that date will move around over the next few years, but I hope all Alaskans realize the result is the same. We have been living off our savings for the past decade, and time is running out to come up with a fiscal plan for the next decade and beyond. We forecast a \$622.2 million budget gap in FY2002, growing to \$744.8 million in FY2003 and \$895.1 million in FY2004.

Oil may continue to dominate much of Alaska's fiscal news, but there's no escaping that the news from Wall Street has dominated the rest of the world — and made a big difference to Alaska this year.

The fall in the stock market has meant losses for the Alaska Permanent Fund. After averaging 13.05% a year in earnings for the past five years, the Permanent Fund ran into what we always knew could happen — a bad year. The fund keeps about half of its assets invested in stocks, which is the smart thing to do for a long-term savings account, but Wall Street hasn't been friendly this year. The Permanent Fund expects its earnings reserve account to drop more than \$2 billion in market value in FY2001 from investment losses and withdrawing money to pay dividends. However, we have a strong earnings reserve at the Permanent Fund, and there will be no problem in paying dividends this year or adding to the fund's principal to protect it against inflation.

And while the Permanent Fund, as a long-term investor, has about half of its money in stocks, the main account of the Constitutional Budget Reserve Fund and the state's General Fund have short-term investment horizons and are 100 percent invested in bonds. As interest rates have dropped, and as investors have left the falling stock market for the safer haven of bonds, the CBRF and General Fund have profited handsomely from rising values of their bond portfolios. The CBRF main account is expected to earn a 10.3% return this year, with the General Fund to produce an 8.7% rate of return. Of course, we expect those high earnings to come back down to a more normal range of around 5% in FY2002, just as we expect the stock market will recover and the Permanent Fund will return to its profitable ways.

I am available to talk with you, the legislators and the public at any time about the state's finances, and I look forward to working with you and the Legislature as we build a strong economic future for Alaska.

Sincerely,

Wilson Condon
Commissioner

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I. INTRODUCTION

What's in This Report?

The Spring 2001 Revenue Sources Book, which updates our Fall 2000 Revenue Sources Book that was released this past December, provides an update of oil prices, production and state revenues. For a complete version of the fall forecast, go to our web site: www.tax.state.ak.us/sourcesbook/sources.htm

This forecast is organized into the five following sections:

I. Introduction

II. Executive Summary

III. Oil Revenue

IV. Investments

V. Other Revenue

Each section includes explanations of restricted funds (money restricted by the constitution, state statute, customary practice or federal designation) and explanations of unrestricted funds (money generally available for appropriation each year). The *Unrestricted General Purpose Revenue* category is the focus of legislative and public debate each year, because it's this money that pays for many of our public services and the day-to-day operations of state government.

We are providing all of the Spring 2001 Revenue Source Book Appendices on our web site. Please see: <http://www.tax.state.ak.us/sourcesbook/sources.htm>

Glossary

- **General Fund Unrestricted Revenue:** All of the state’s unadjusted revenue not limited by state or federal law, debt or trust restrictions, or other state or federal requirements or customary practice. It includes taxes, user fees and some investment earnings but does not include any federal money or Permanent Fund earnings. See Appendix A on our web site.
- **Unrestricted General Purpose Revenue:** Most legislative and public debate over the budget each year centers on this category. It used to be called *Net Disposable General Fund Unrestricted Revenue*. It includes General Fund Unrestricted Revenue minus items that are generally accepted as restricted such as state fisheries tax revenue shared by law and customary practice with municipalities and regional aquaculture associations. See Table 3 on Pages 8-9.
- **Other Revenue:** Non-oil taxes, user fees, federal funds and other income. It includes non-oil corporate income taxes, motor fuel and cigarette taxes, and other taxes and user fees collected by the state. It also includes all federal funding directed to the state, including construction money such as for roads and airports, and operating money such as for Medicaid and job training programs. Some of this money is restricted and some is unrestricted. See Table 26 on Page 35.
- **Federal Revenue:** When the federal government gives money to states, it restricts how that money can be used. Highway and airport construction funds, Medicaid and education funding cannot be used for other purposes. In addition to restricting how the money is spent, the federal government often requires states to put up matching funds to qualify for the federal funding. See Page 36.
- **Dedicated Revenue:** Revenue restricted by the Alaska Constitution fits into this category. Other than the Permanent Fund, which was approved by voters in 1976, all of the other revenue sources in this category existed in some form before statehood and therefore are not subject to the constitutional prohibition against dedicated funds. They include such accounts as the Fish and Game Fund, Disabled Fisherman’s Fund and Public School Fund.
- **Statutorily Restricted Revenue:** Though not dedicated in the constitution, this revenue is earmarked in state law for specific purposes. Examples include University of Alaska tuition payments, marine highway receipts, payments to various revolving loan funds and airport revenues.
- **Customarily Restricted Revenue:** Though not set out in statute, these revenue sources have historically been restricted by the legislature. The largest item in this category is Permanent Fund earnings in excess of what is needed each year for dividends and inflation proofing. Though the money could be spent as *Unrestricted General Purpose Revenue*, the legislature has always chosen to retain it in the Permanent Fund’s Earnings Reserve Account or appropriate it to the fund’s principal.
- **Permanent Fund Statutory Income:** The annual Permanent Fund dividend is based on statutory income. This is the total realized gain and loss of all Permanent Fund investment transactions during the year, plus interest and dividends earned by the fund. Though the legislature may appropriate the earnings for any purpose it chooses, the historical practice has been to restrict the use of realized income to Permanent Fund dividends, inflation proofing, and then either leaving the excess in the Earnings Reserve Account or transferring it to the principal of the Permanent Fund.
- **Permanent Fund GASB (or Market) Income:** Under rules adopted by the Government Accounting Standards Board, the Permanent Fund’s income – and that of any other government fund – is the difference between the purchase price of the investments and their market value at a given point in time, plus any dividends or interest earned on those investments. Under GASB rules, the Permanent Fund does not have to sell the investment to count the gain or loss as it changes value. It’s called “marking to market,” that is, measuring the value of the fund’s investments by the current market price. This can produce a much different picture than *Permanent Fund Statutory Income*, which does not reflect fluctuating investment values until the assets are sold.
- **Constitutional Budget Reserve Fund:** Created by voters in 1990, the Constitutional Budget Reserve Fund holds the proceeds from settlements of oil and gas tax and royalty disputes since July 1, 1990. It generally requires a three-quarters majority vote of each chamber of the legislature to withdraw money from the fund.

II. EXECUTIVE SUMMARY

A. Total Revenue

Table 1 summarizes the state's total revenue outlook by major revenue component (Actual FY 2000 and projected FY 2001-2002).

Table 1. Total Revenue
\$ Million

	<u>Actual</u> <u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Oil Revenue			
<u>Unrestricted</u>			
Property Tax	45.0	45.3	43.1
Corporate Petroleum Tax	162.7	275.0	200.0
Severance Tax	702.7	712.2	525.8
Royalties (including Bonuses)	<u>731.9</u>	<u>825.1</u>	<u>652.2</u>
Subtotal	1,642.3	1,857.6	1,421.1
<u>Restricted</u>			
Royalties to Permanent Fund & School Fund	306.5	313.0	274.9
Settlements to CBRF	<u>448.3</u>	<u>45.0</u>	<u>100.0</u>
Subtotal	754.8	358.0	374.9
Subtotal Oil	2,397.1	2,215.6	1,796.0
Investment Revenue			
<u>Unrestricted - General Fund Investments</u>	48.1	96.8	40.3
<u>Restricted</u>			
Constitutional Budget Reserve Fund	114.5	210.6	154.9
Permanent Fund Dividends	1,172.0	1,149.0	1,136.0
Permanent Fund Inflation Proofing	423.0	685.0	693.0
Required Deposits to PF Principal	280.0	13.0	20.0
GASB PF Income Net of Distributions	371.0	(2,145.0)	200.0
Other Appropriations	<u>3.0</u>	<u>0.0</u>	<u>0.0</u>
Subtotal	2,363.5	(87.4)	2,230.9
Subtotal Investment Revenue	2,411.6	9.4	2,244.2
Other Revenue			
<u>Unrestricted</u>			
Alcohol, Tobacco, Fuel and Insurance Tax	99.8	93.5	93.3
General Corporate Tax	56.3	61.0	55.0
Fish Tax	27.6	17.7	14.8
Other Tax	8.2	7.9	7.9
Licenses & Permits	68.4	49.0	49.7
Charges for Services	43.7	30.0	30.0
Other Miscellaneous	<u>87.3</u>	<u>74.9</u>	<u>65.7</u>
Subtotal	391.3	334.0	316.4
<u>Restricted</u>			
Federal Funds	1,217.0	1,826.2	2,070.2
Trusts	49.6	64.4	66.6
Dedicated Funds	58.7	59.0	59.1
Statutorily Restricted	<u>484.5</u>	<u>654.9</u>	<u>698.2</u>
Subtotal	1,809.8	2,604.5	2,894.1
Subtotal Other	2,201.1	2,938.5	3,210.5
Grand Total	7,009.8	5,163.5	7,250.7

Figure 1. FY 2000 Total Revenue (\$ Billion)
\$7 Billion

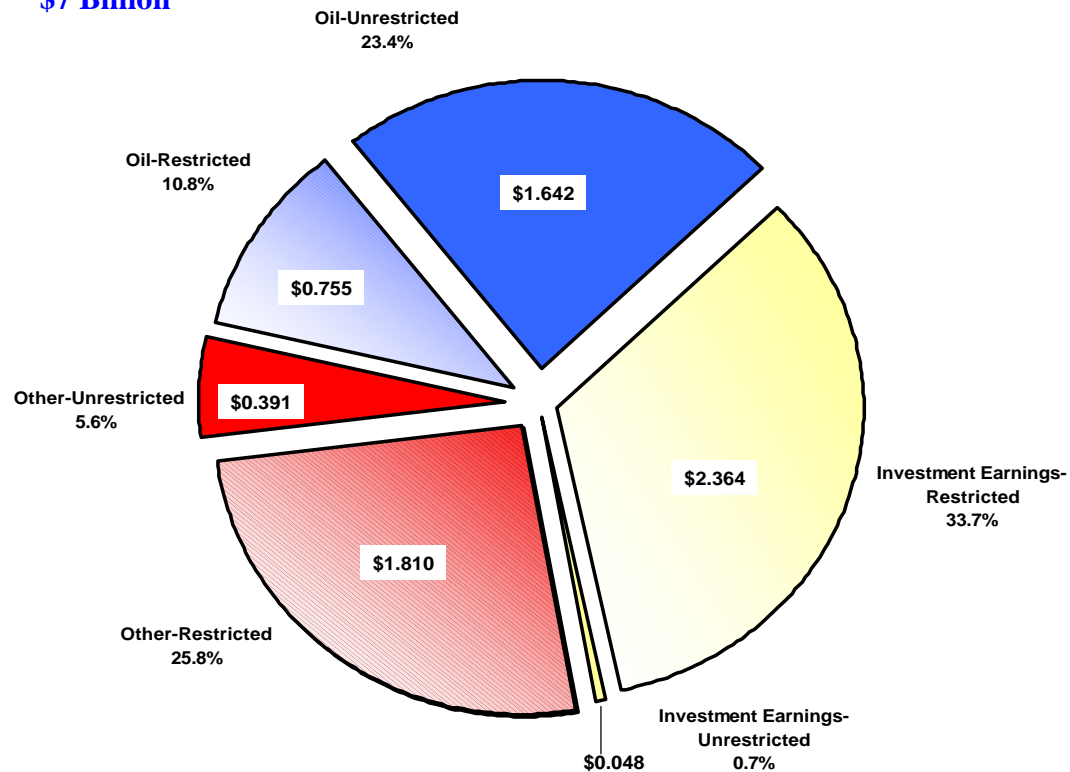


Table 2. Total State Revenue, Actual FY 2000 and Projected 2001-2002 ⁽¹⁾
Unrestricted and Restricted by Major Source
\$ Million

<u>Revenue Source</u>	<u>Actual FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
<u>Unrestricted</u>			
Oil Revenue	1,642.3	1,857.6	1,421.1
Investment Earnings	48.1	96.8	40.3
Other Revenue	391.3	334.0	316.4
Subtotal	2,081.7	2,288.4	1,777.8
<u>Restricted</u>			
Oil Revenue	754.8	358.0	374.9
Investment Earnings	2,363.5	(87.4)	2,203.9
Other Revenue	1,809.8	2,604.5	2,894.1
Subtotal	4,928.1	2,875.1	5,472.9
Grand Total	7,009.8	5,163.5	7,250.7

⁽¹⁾ Total unrestricted revenue as reported for AKSAS (Alaska State Accounting System) with adjustments for certain municipal sharing of statewide taxes and additional spending restrictions. Detailed AKSAS reported unrestricted revenue and estimates, including certain spending based reporting adjustments, can be found in Appendix A.

B. Unrestricted General Purpose Revenue

Unrestricted General Purpose Revenue is the amount generally used for budget planning purposes. Table 3 on this and the next page sets out actual FY 2000 revenue and our forecast for FY 2001 and 2002.

We forecast *Unrestricted General Purpose Revenue* by first estimating *General Fund Unrestricted Revenue*, which includes all unrestricted revenue items in the Alaska State Accounting System (AKSAS), as well as certain program receipts. After consulting with the governor's Office of Management and Budget and the legislature, we adjust our forecast of *General Fund Unrestricted Revenue* to derive a forecast of Total *Unrestricted General Purpose Revenue*. Reductions include: (1) earmarking revenue for specific programs; (2) pass-through revenue for qualified regional aquaculture and dive fishery associations; and (3) revenue shared with local governments and organizations (e.g., fisheries taxes). Additions include transfers from the unclaimed property trust and inactive loan funds.

See Appendix A for a derivation of Total *Unrestricted General Purpose Revenue* from *General Fund Unrestricted Revenue*.

Table 3. *Unrestricted General Purpose Revenue*
\$ Million

	<u>Actual</u>		
	<u>2000</u>	<u>2001</u>	<u>2002</u>
OIL REVENUE			
<u>Property Tax</u>	45.0	45.3	43.1
<u>Corporate Income Tax</u>	162.7	275.0	200.0
<u>Severance Tax</u>			
Oil and Gas Production	693.2	703.0	515.8
Oil and Gas Hazardous Release	<u>9.5</u>	<u>9.2</u>	<u>10.0</u>
Subtotal	702.7	712.2	525.8
<u>Royalties</u>			
Mineral Bonuses and Rents	4.1	4.0	4.0
Oil and Gas Royalties	<u>727.8</u>	<u>821.1</u>	<u>648.2</u>
Subtotal	731.9	825.1	652.2
Subtotal Oil	1,642.3	1,857.6	1,421.1

(continued on next page)

Table 3, cont. Unrestricted General Purpose Revenue

\$ Million	Actual		
	<u>2000</u>	<u>2001</u>	<u>2002</u>
INVESTMENT EARNINGS	48.1	96.8	40.3
OTHER REVENUE			
<u>Alcohol, Tobacco, Fuel and Insurance Tax</u>			
Alcoholic Beverage	12.7	12.3	12.4
Tobacco Products	16.3	15.1	14.8
Insurance Premium	28.7	28.7	28.7
Electric and Telephone Cooperative	0.2	0.2	0.2
Motor Fuel Tax-Aviation	10.3	5.6	5.6
Motor Fuel Tax-Highway	25.5	25.5	25.5
Motor Fuel Tax-Marine	<u>6.1</u>	<u>6.1</u>	<u>6.1</u>
Subtotal	99.8	93.5	93.3
<u>Corporate General Income Tax</u>	56.3	61.0	55.0
<u>Fish Tax</u>			
Salmon and Seafood Marketing	7.2	0.0	0.0
Fisheries Business	18.2	13.7	11.6
Fishery Resource Landing	<u>2.2</u>	<u>4.0</u>	<u>3.2</u>
Subtotal	27.6	17.7	14.8
<u>Other Tax</u>			
Mining	3.4	3.0	3.0
Estate	2.5	2.6	2.6
Charitable Gaming	<u>2.3</u>	<u>2.3</u>	<u>2.3</u>
Subtotal	8.2	7.9	7.9
<u>Licenses and Permits</u>			
Motor Vehicle	34.1	34.8	35.5
Other	<u>34.3</u>	<u>14.2</u>	<u>14.2</u>
Subtotal	68.4	49.0	49.7
<u>Charges for Services</u>	43.7	30.0	30.0
<u>Other Miscellaneous</u>	87.3	74.9	65.7
Subtotal Other Revenue	391.3	334.0	316.4
UNRESTRICTED			
GENERAL PURPOSE REVENUE	2,081.7	2,288.4	1,777.7

C. Oil Price Forecast

Oil revenue will continue to account for close to 80 percent of forecast *Unrestricted General Purpose Revenue* through FY 2003. Two elements are critical to the oil forecast: price and volume.

The spot price of ANS is quoted as a differential to West Texas Intermediate (WTI), a price that is primarily determined on the New York Mercantile Exchange (NYMEX). All of Alaska's current oil production is delivered to refineries on the U.S. West Coast (including Alaska and Hawaii). Consequently, Alaska's royalty and severance tax revenue depends in large part on the market price of Alaska North Slope crude oil (ANS) at U.S. West Coast refining centers.

The table below reflects actual prices for FY 2000 and the Department of Revenue's forecast of oil prices for the 10-year period beginning with the current fiscal year, FY 2001, and continuing through FY 2010. The short-term oil price forecast (FY 2001-2002) is based on a subjective assessment of fundamental market assumptions and trend analysis by the participants at a price scenario meeting. Our long-term forecast (FY 2003-2010) assumes that price will converge to the average of the 60-month moving average of ANS West Coast price calculated beginning January of 1986 through January 2001.

Table 4. Delivered Price for ANS Crude Oil
Average West Texas Intermediate (WTI), ANS West Coast and
ANS Wellhead
\$ per Barrel

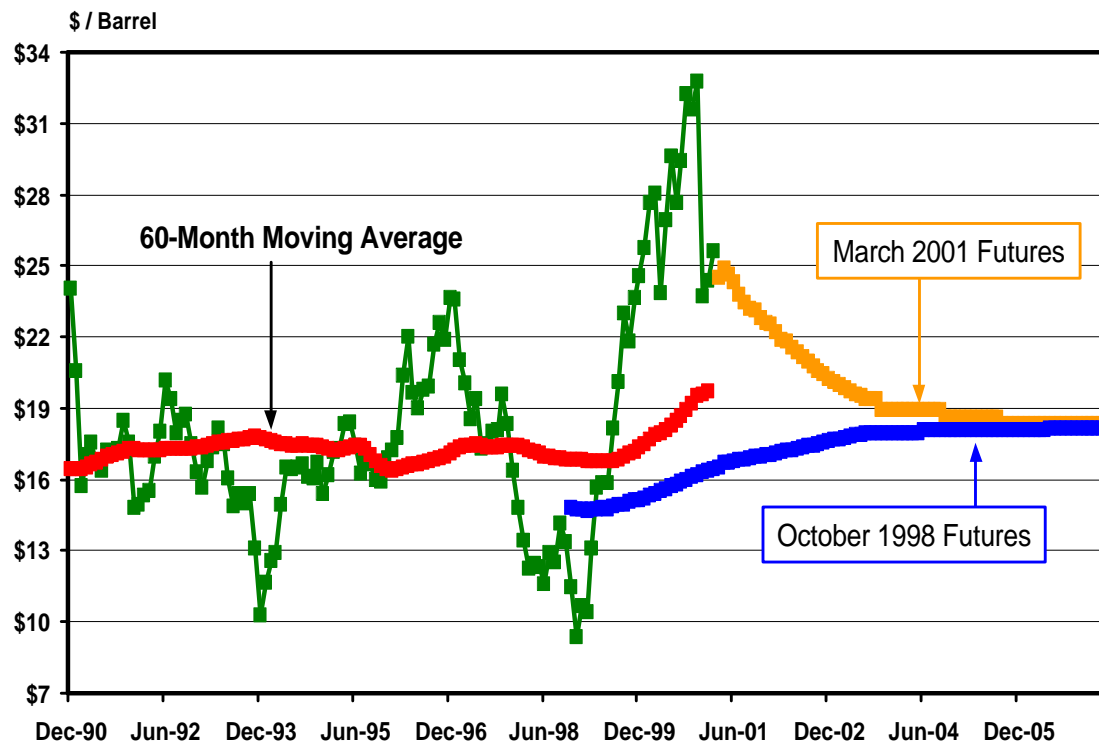
Fiscal Year	WTI	ANS West Coast	ANS Wellhead
Actual 2000	24.82	23.28	18.64
2001	30.26	27.61	22.70
2002	24.98	22.35	17.35
2003	23.37	20.97	16.12
2004	22.12	19.67	14.72
2005	20.90	18.46	13.39
2006	19.75	17.30	12.10
2007	19.75	17.30	11.98
2008	19.75	17.30	11.74
2009	19.75	17.30	11.51
2010	19.75	17.30	11.30

The prices we are forecasting are consistent with the market prices experienced over the 15-year period since the 1986 oil price collapse. The figure on the next page depicts: (1) the monthly West Coast ANS market price from December 1990 through January 2001; (2) the 60-month moving average West Coast market price for the same period; and (3) a set of derived ANS futures prices for October 1998 and March 2001.⁽¹⁾

⁽¹⁾ The derived ANS futures price is based on the spot market differential between WTI and ANS applied to the WTI futures prices as reported on the New York Mercantile Exchange (NYMEX).

The figure below clearly illustrates the volatility of month-to-month crude oil prices. ANS West Coast prices during the pertinent time period ranged from just under \$10 per barrel to over \$32 per barrel. The average of the 60-month moving averages shown in the figure below is \$17.30 per barrel. Finally, the derived futures market prices reflected below show that participants in that market anticipate a continuation of the post-1986 historic levels for oil prices. The derived futures price for ANS demonstrates a convergence tendency after three years whether the current price is very low (as it was in October 1998) or very high (as it was in March 2001).

Figure 2. ANS West Coast and Futures Market Oil Prices

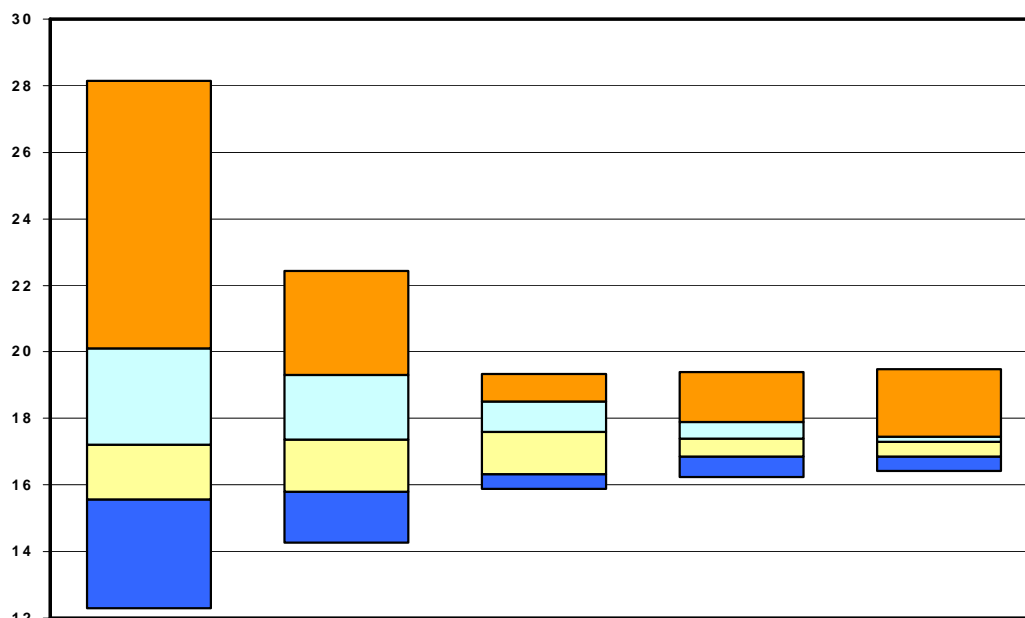


The figure on the next page reflects another analysis demonstrating both the short-term volatility and the longer-term stability of ANS West Coast market prices over the past 14 years. The left hand bar depicts the variability of ANS West Coast oil price for each of the rolling 12-month time periods (from December 1990-January 2001). Ninety-five percent of those average prices fall between \$12.29 and \$28.14 per barrel; 50 percent between \$15.57 and \$20.10 per barrel; and the median of those 12-month average prices is \$17.21 per barrel.

The right hand bar depicts the variability of the rolling 60-month time period. The 60-month average ANS West Coast market prices were obviously very consistent. Ninety-five percent of those averages fall between \$16.42 and \$19.49 per barrel; 50 percent of the time, between \$16.87 and \$17.45 per barrel; and the median of those 60-month average prices is \$17.29 per barrel. The middle three bars in the figure reflect the variability of the rolling 24-month, 36-month and 48-month time periods.

Those whose perspective is only one year should focus on the price range reflected in the 12-month or left hand bar. The bars to the right are more appropriate for the longer term.

**Figure 3. Cumulative Average ANS Oil Price (December 1990-January 2001)
Moving Average and Confidence Intervals**



Percentile Ranking	12-month	24-month	\$ per Barrel 36-month	48-month	60-month
2.5%	28.14	22.43	19.33	19.39	19.49
25%	20.10	19.31	18.51	17.89	17.45
Median	17.21	17.36	17.60	17.40	17.29
75%	15.57	15.78	16.33	16.85	16.87
97.5%	12.29	14.27	15.90	16.25	16.42

The percentile ranking is the probability of exceeding the corresponding ANS oil price.

D. Oil Production Forecast

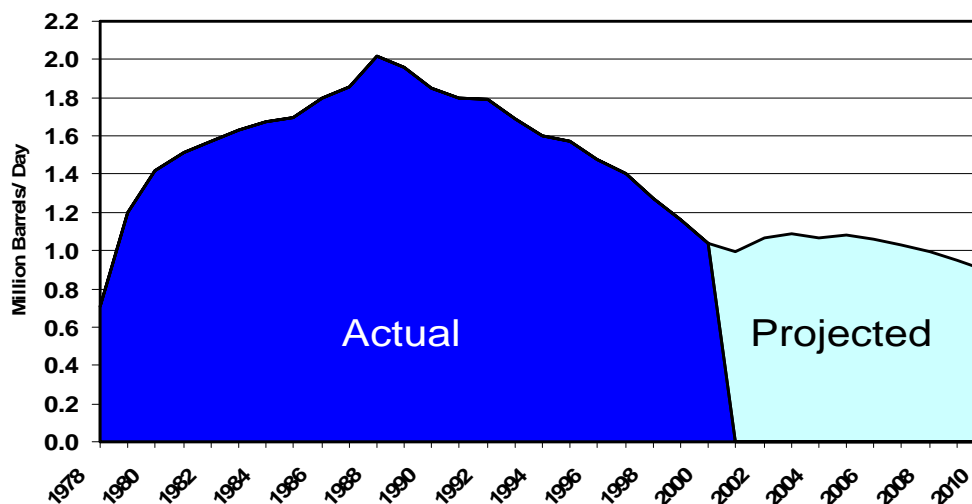
In 1988, ANS production peaked at 2.005 million barrels per day and has declined steadily since. The figure below reflects the historical and projected rates for ANS oil production. We forecast a temporary reversal of the ANS production decline in FY 2002-2006. This increase is driven by new developments at Alpine, Nanuq, Northstar, Meltwater and new Prudhoe Bay satellite production.

We expect other new production to come from Fiord, an Alpine satellite, in FY 2004, and from Liberty, an off-shore field in federal waters, in FY 2005.

Table 5. ANS Oil Production
Million Barrels per Day

<u>Fiscal Year</u>	<u>ANS Production</u>
Actual 2000	1.036
2001	0.995
2002	1.069
2003	1.086
2004	1.069
2005	1.083
2006	1.061
2007	1.031
2008	0.992
2009	0.949
2010	0.901

Figure 4. ANS Historical Production



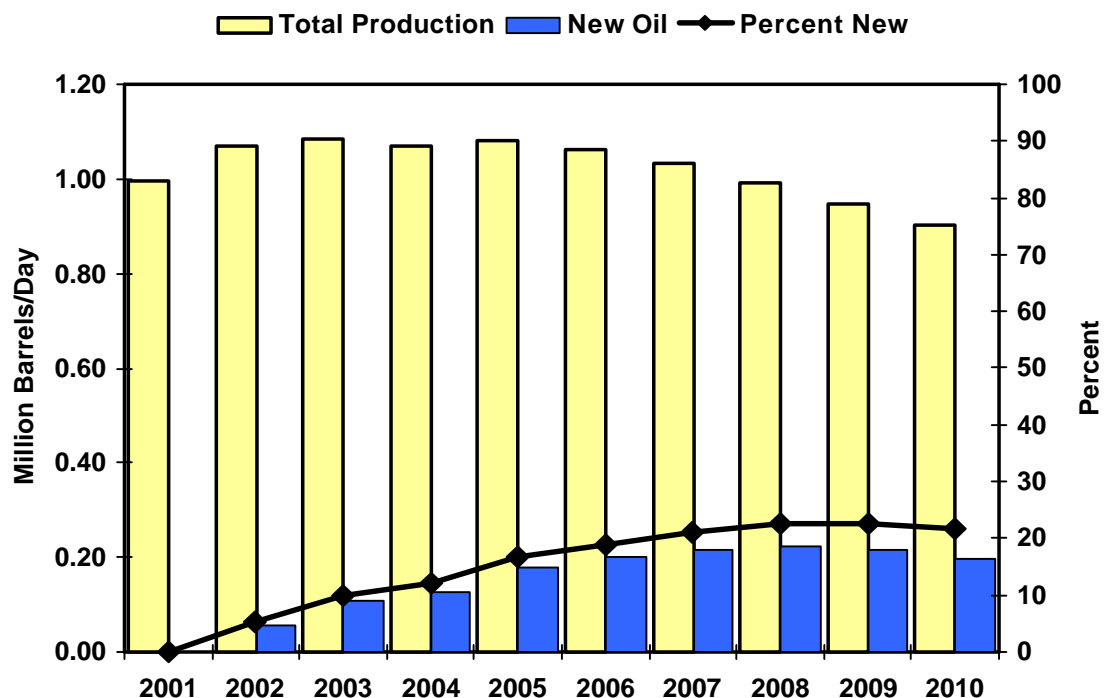
New Discoveries

As the volumes from the giant Prudhoe Bay and Kuparuk fields continue to decline, some of the drop in output will be offset by new oil discoveries. In our forecast, new oil is defined as crude already discovered and about to come on-line. By FY 2008, as the table and figure below show, nearly one-quarter of our forecasted oil production will come from fields not currently producing oil.

Table 6. New Oil as a Percentage of Total Oil
Million Barrels per Day

<u>Fiscal Year</u>	<u>Total New Oil</u>	<u>Total Spring 2001 Forecast</u>	<u>New Oil as Percent of Spring Forecast</u>
2001	0.0003	0.995	0.0 %
2002	0.0558	1.069	5.2 %
2003	0.1073	1.086	9.9 %
2004	0.1277	1.069	12.0 %
2005	0.1793	1.083	16.6 %
2006	0.1991	1.061	18.8 %
2007	0.2152	1.031	20.9 %
2008	0.2233	0.992	22.5 %
2009	0.2139	0.949	22.5 %
2010	0.1954	0.901	21.7 %

Figure 5. New Oil as a Percentage of Projected Oil



E. Longer-Term Unrestricted Revenue Outlook

Using the price and volume components developed for this spring 2001 forecast, the table below summarizes the department's forecast of Total *Unrestricted General Purpose Revenue* through FY 2010.

Table 7. Total *Unrestricted General Purpose Revenue*,
Actual FY 2000 and Projected FY 2001-2010
\$ Million

	(see Table 11)	(see Table 18)	(see Table 23)		
Fiscal	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Percent
Year	Oil	Investment	Other	General Purpose	from Oil
	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>	
Actual 2000	1,642.3	48.1	391.3	2,081.7	79
2001	1,857.6	96.8	334.0	2,288.4	81
2002	1,421.1	40.3	316.4	1,777.8	80
2003	1,300.7	40.3	314.2	1,655.2	79
2004	1,151.2	40.3	313.4	1,504.9	76
2005	1,031.7	40.3	314.9	1,386.9	74
2006	919.8	40.3	316.2	1,276.3	72
2007	863.9	40.3	317.7	1,221.9	71
2008	798.8	40.3	328.0	1,167.1	68
2009	737.1	40.3	329.7	1,107.1	67
2010	683.7	40.3	331.4	1,055.4	65

F. Constitutional Budget Reserve

The table below reflects the amount needed to make up the difference between the *Unrestricted General Purpose Revenue* the Department of Revenue forecasts and an annual General Fund budget of \$2.4 billion ⁽¹⁾ for each year from FY 2001 through FY 2010.

Table 8. Difference Between *Unrestricted General Purpose Revenue* and General Fund Budget - “The Gap” ⁽¹⁾
\$ Million

Fiscal Year	Total <i>Unrestricted General Purpose Revenue</i>	General Fund ⁽¹⁾	<u>Difference</u>
2001	2,288.4	2,286.9	1.5
2002	1,777.8	2,400.0	(622.2)
2003	1,655.2	2,400.0	(744.8)
2004	1,504.9	2,400.0	(895.1)
2005	1,386.9	2,400.0	(1,013.1)
2006	1,276.3	2,400.0	(1,123.7)
2007	1,221.9	2,400.0	(1,178.1)
2008	1,167.1	2,400.0	(1,232.9)
2009	1,107.1	2,400.0	(1,292.9)
2010	1,055.4	2,400.0	(1,344.6)

⁽¹⁾ Any budget figure used to derive “The Gap” will have its detractors. What about cuts? What about funding urgent needs? What about inflation and population growth? This amount, based on a FY 2002 General Fund budget of approximately \$2.4 billion, simply provides a reference point for analysis.

As approved by voters in 1990, all of the money from oil and gas tax and royalty settlements are deposited into the Constitutional Budget Reserve Fund. Over the past nine years the state has deposited about \$5.5 billion into the reserve fund and has earned \$1.4 billion on the money.

For all but one of those years, the state has relied on the CBRF to fill the difference between *Unrestricted General Purpose Revenue* and the annual state budget.

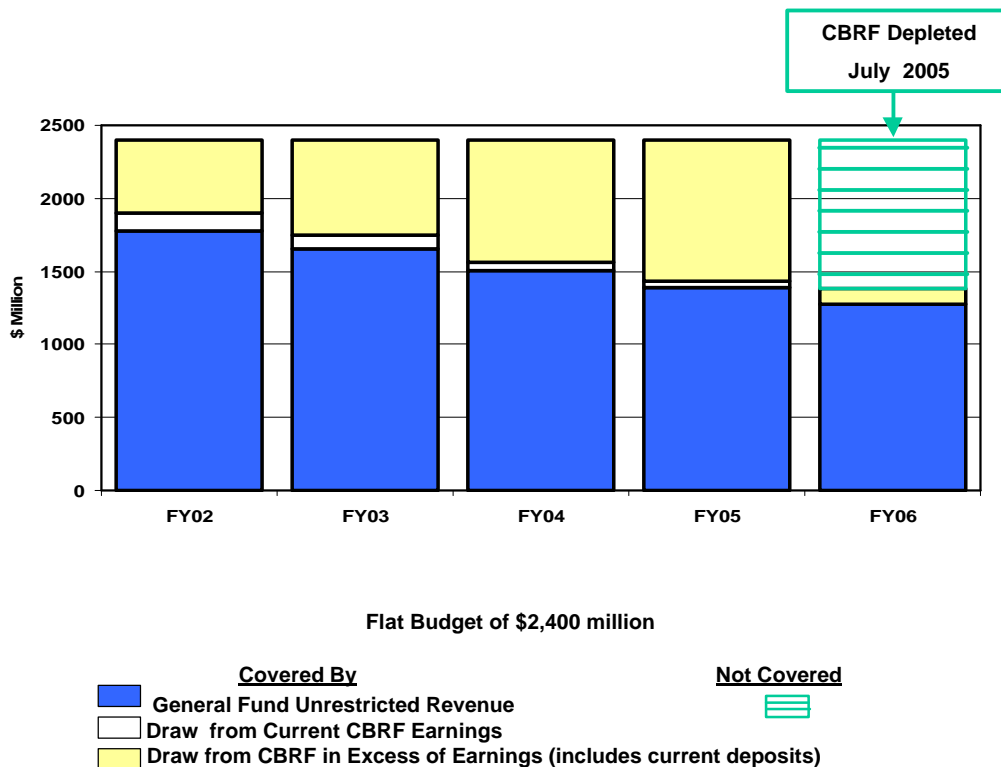
Through March 2001, \$4 billion has been withdrawn from the CBRF to balance the budget, leaving a balance of \$2.86 billion as of April 9, 2001.

This table reflects the CBRF Depletion Matrix and the time period the fund could continue to be used to make up the difference between *Unrestricted General Purpose Revenue* and the General Fund budget at various oil prices and budget levels. For example, if we are correct in our oil price forecast and the General Fund budget remains at \$2.4 billion per year, the CBRF will be exhausted in July 2005.

Table 9. CBRF Depletion Matrix
\$ per Barrel

Annual Budget Change	<u>\$12.50</u>	Spring 2001 <u>Forecast</u>	<u>\$25.50</u>
+1.0%	Oct-2003	Apr-2005	Dec-2006
0.0%	Nov-2003	July-2005	Aug-2007
-1.0%	Dec-2003	Nov-2005	Jul-2008

Figure 6. Anticipated Life of the Constitutional Budget Reserve Fund

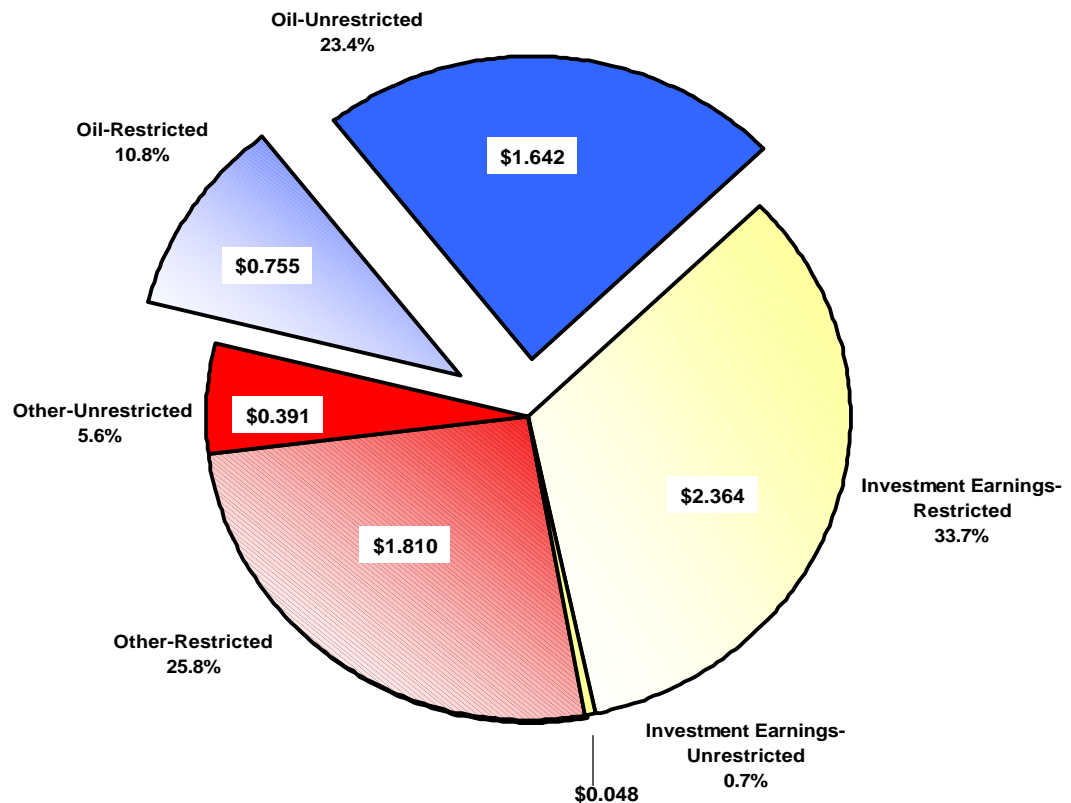


III. OIL REVENUE

**Table 10. Total Oil Revenue,
Actual FY 2000 and Projected FY 2001-2002
\$ Million**

	<u>Actual FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
<u>Unrestricted</u>			
Property Taxes	45.0	45.3	43.1
Corporate Income Taxes	162.7	275.0	200.0
Severance Taxes	702.7	712.2	525.8
Royalties (including Bonuses)	<u>731.9</u>	<u>825.1</u>	<u>652.2</u>
Subtotal	1,642.3	1,857.6	1,421.1
<u>Restricted</u>			
Royalties to Permanent Fund & School Fund	306.5	313.0	274.9
Settlements to CBRF	<u>448.3</u>	<u>45.0</u>	<u>100.0</u>
Subtotal	754.8	358.0	374.9
Total	2,397.1	2,215.6	1,796.0

Figure 7. FY 2000 Total Revenue (\$ Billion)



Unrestricted Oil Revenue

**Table 11. Unrestricted Oil Revenue Projections,
Actual FY 2000 and Projected FY 2001-2010
\$ Million**

Fiscal Year	Property Tax	Corporate Income Tax	Severance Tax	Royalties including Bonuses	Total Oil
Actual 2000	45.0	162.7	702.7	731.9	1,642.3
2001	45.3	275.0	712.2	825.1	1,857.6
2002	43.1	200.0	525.8	652.2	1,421.1
2003	41.1	190.0	457.1	612.5	1,300.7
2004	39.1	180.0	381.3	550.8	1,151.2
2005	37.2	175.0	325.3	494.2	1,031.7
2006	35.2	170.0	280.4	434.1	919.7
2007	33.4	160.0	250.3	420.2	863.9
2008	31.7	150.0	216.1	401.0	798.8
2009	29.9	140.0	188.6	378.6	737.1
2010	28.0	130.0	169.4	356.2	683.6

Oil Price Forecast

The short-term oil price forecast (FY 2001-2002) is developed by examining both evolving supply and demand fundamentals as well as oil pricing trends over time. Our long-term forecast (FY 2003 and beyond) assumes that price will converge to the average of the 60-month moving average of ANS West Coast price (starting with the average between January 1986 and January 1991). The information presented and analyzed by the participants in our spring 2001 oil price scenario meeting as well as the scenario-specific assumptions are in the discussion that follows.

Oil Market Fundamentals.

The reference case forecast for oil prices begins with an assessment of the future of global oil supply and demand. Given this assessment, the price scenarios are based on the relative success we assume the Organization of Petroleum Exporting Countries (OPEC) will have managing the market share implied by our supply and demand scenario.

We still believe that crude oil demand growth will slow as we move into 2001 and 2002 as the result of slower economic growth and in response to the higher energy prices of the past two years. The International Energy Administration (IEA) projects global demand in 2001 of 77 million barrels per day. This calls for growth in demand of 1.5 million barrels per day over demand in 2000. We project a further increase of 1 million barrels per day in 2002.

The latest IEA projections for 2001 call for an increase in non-OPEC production of 1 million barrels per day in 2001. We project a further increase in 2002 of 1 million barrels per day. Taken together, slower demand growth and increasing non-OPEC supply will keep the pressure on OPEC to hold production close to an average of about 27.5 million barrels per day to protect the lower end of their acceptable price band of \$22 to \$28 per barrel. This level of production is very close to current production rates. OPEC members recently announced new production cutbacks effective April 1 in light of concerns about a global economic slowdown.

Our detailed assumptions about market fundamentals are contained in the table on the next page.

Table 12. Global Market Assumptions
Million Barrels per Day

	Actual					
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
DEMAND						
OECD						
North America	24.0	24.4	24.5	24.6	24.8	24.9
Europe	15.0	15.2	15.3	15.4	15.4	15.5
Pacific	<u>8.6</u>	<u>8.8</u>	<u>8.8</u>	<u>8.9</u>	<u>8.9</u>	<u>9.0</u>
Total OECD	47.6	48.3	48.6	48.9	49.1	49.4
Non-OECD						
Former USSR	3.5	3.5	3.5	3.5	3.5	3.5
East Europe	0.8	0.8	0.9	0.9	1.0	1.1
China	4.8	5.0	5.4	5.7	6.1	6.6
Other Asia	7.2	7.5	7.7	7.9	8.1	8.4
Latin America	4.8	4.9	4.9	5.0	5.0	5.1
Middle East	4.4	4.6	4.7	4.8	5.0	5.1
Africa	<u>2.3</u>	<u>2.4</u>	<u>2.4</u>	<u>2.4</u>	<u>2.5</u>	<u>2.5</u>
Total Non-OECD	27.9	28.7	29.5	30.3	31.2	32.2
TOTAL DEMAND	75.5	77.0	78.1	79.2	80.4	81.6
SUPPLY						
Non-OPEC						
OECD	21.9	22.2	22.6	22.8	23.1	23.3
Former USSR	7.9	8.3	8.6	9.0	9.3	9.7
Eastern Europe	0.2	0.2	0.2	0.2	0.2	0.2
China	3.2	3.2	3.2	3.2	3.2	3.2
LDCs ⁽¹⁾	10.9	11.1	11.3	11.5	11.8	12.0
Processing Gain	<u>1.7</u>	<u>1.8</u>	<u>1.9</u>	<u>2.0</u>	<u>2.1</u>	<u>2.2</u>
Total Non-OPEC	45.8	46.8	47.8	48.7	49.7	50.6
OPEC	27.9	27.3	27.2	27.4	27.6	27.9
OPEC NGLs	<u>2.9</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Total OPEC	30.8	30.3	30.2	30.5	30.7	30.9
TOTAL PRODUCTION	76.6	77.1	78.1	79.2	80.4	81.6

⁽¹⁾ Lesser Developed Countries (LDCs) include Asia (excluding China), Latin America, the Middle East and Africa.

⁽²⁾ Due to rounding to one decimal, columns may not exactly total.

Current Oil Market Situation.

As evidence of an economic slowdown in the United States begins to unfold, oil prices have hovered in the mid-\$20 range after recovering from the mini collapse in December when prices fell by almost \$9 per barrel. OPEC's announced production increase of 500,000 barrels per day, effective October 31, 2000, clearly helped trigger the collapse that brought oil prices down from \$30 per barrel to just above \$20 per barrel in late December.

Organization of Petroleum Exporting Countries. Announced production cuts by OPEC of 1.5 million barrels per day effective February 1, 2001, have stabilized prices around the \$25 per barrel range for sour medium crude oils like Alaska North Slope. Much of the current volatility in oil prices revolves around the issue of whether or not OPEC will take steps to cut back production even more as the market enters the slack period between the end of the winter heating fuel market and the beginning of the summer gasoline-dominated driving market.

OPEC has so far been very active in attempting to manage the marginal price-setting barrels coming on to the market. In 2000, OPEC increased its quotas on four different occasions and has already cut production quotas in February and March 2001. Whether OPEC can trim production to support oil prices at a level above \$20 per barrel is arguably the biggest uncertainty the market currently faces. History suggests they will have a difficult time. As a result of a moderately successful OPEC production policy, we believe that oil prices will continue to average over \$20 per barrel over the short run.

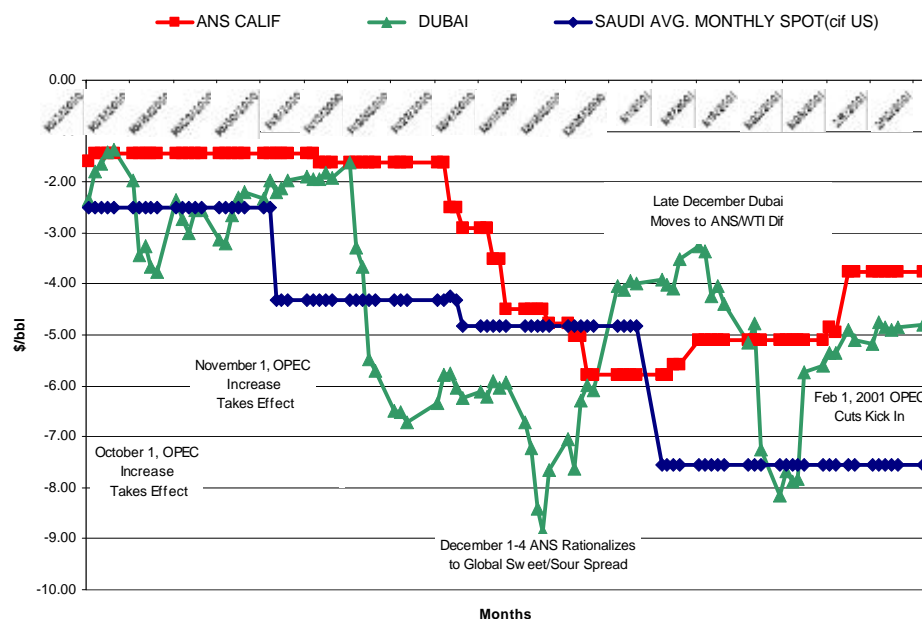
**Table 13. OPEC Production ⁽¹⁾
Thousand Barrels per Day**

<u>Country</u>	<u>January 2001</u>	<u>Quota February 1 2001</u>	<u>Quota Decrease from November 2000</u>
Algeria	840	805	(48)
Indonesia	1,250	1,307	(78)
Iran	3,800	3,698	(219)
Kuwait	2,200	2,021	(120)
Libya	1,430	1,350	(81)
Nigeria	2,160	2,075	(123)
Qatar	740	653	(39)
Saudi Arabia	8,370	8,189	(486)
UAE	2,360	2,201	(132)
Venezuela	<u>3,020</u>	<u>2,902</u>	<u>(174)</u>
Subtotal (less Iraq)	26,170	25,201	(1,500)
Iraq	<u>1,770</u>		
Total OPEC	27,940		

⁽¹⁾ Source: OPEC's Monthly Oil Market Report, February 20, 2001

Alaska North Slope. ANS West Coast prices came tumbling down in December. Interestingly, roughly \$4 per barrel of the drop from an average of \$32.75 per barrel in November to an average of \$23.75 per barrel in December was the result of a widening of the ANS differential to West Texas Intermediate (WTI). WTI is the key price marking crude oil in the United States. WTI is traded every day – both in cash markets and in the New York Mercantile Exchange paper market. The following chart demonstrates that several important globally traded prices, marking sour crude oils similar to ANS, also experienced this relative loss in value during the period from November through December. In the case of ANS, the differential to WTI averaged roughly \$1.50 per barrel in November and widened to \$5.76 per barrel in late December.

Figure 8. World Crude Oil Differentials to WTI



Although there are a number of reasons mentioned for the widening spread, basically it reflected a surge of sour heavier crude oils from OPEC into the market and into a refining system that was not easily able to process them for the fuels demanded. Currently the ANS differential to WTI is running between \$1.65 and \$2.50 per barrel. Since OPEC is planning on production cuts of mostly ANS-quality oil, we expect the differential to remain around this level.

The continuing restructuring of the companies producing and refining ANS continues, as Phillips is now in the process of acquiring Tosco and its network of West Coast refineries. At this point we do not know whether this latest development will affect the price terms of ANS for West Coast delivery. At the same time, ANS continues to be sold only in Alaska, Hawaii, and the U.S. West Coast. There have been no sales of ANS in Asia or outside of the United States since April of last year.

Currently all of Alaska's oil production taxes and royalties are closely tied to ANS spot oil prices for delivery to West Coast refineries, as reported in Platt's Oilgram Price Report. The West Coast spot price is used as the standard for computing state oil production taxes for sales for West Coast delivery and for establishing the value standard for sales in Alaska. Royalties are paid on the basis of different formulas for different producers. All of the formulas rely to some extent on a market basket of crude oil prices that includes the ANS spot price.

Table 14. Spring 2001 Forecast Assumptions
\$ per Barrel

Fiscal Year	ANS West Coast Price	ANS Marine Transportation	TAPS Tariff	Feeder Pipeline	ANS Wellhead
Actual 2000	23.27	1.60	2.74	0.11	18.82
2001	27.61	1.70	3.08	0.13	22.70
2002	22.35	1.60	3.22	0.18	17.35
2003	20.97	1.60	3.04	0.21	16.12
2004	19.67	1.60	3.13	0.22	14.72
2005	18.46	1.60	3.17	0.30	13.39
2006	17.30	1.60	3.27	0.34	12.10
2007	17.30	1.60	3.37	0.35	11.98
2008	17.30	1.70	3.51	0.35	11.74
2009	17.30	1.80	3.64	0.35	11.51
2010	17.30	1.85	3.80	0.35	11.30

Oil Production

We expect ANS production to fall just below 1 million barrels per day in FY 2001. However, we do anticipate a reversal of the production decline in FY 2002 with new Prudhoe Bay satellite developments, Meltwater, Nanuq and Northstar coming on-line.

We anticipate the start-up of Fiord in FY 2004 and Liberty in FY 2005. Further development of viscous or heavy oil may be key to holding off an overall North Slope production decline over the next six years.

Table 15. ANS Oil and NGL Production
Million Barrels per Day

	Actual		
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Prudhoe Bay	0.5195	0.4945	0.4660
Prudhoe Bay NGLs	0.0508	0.0484	0.0460
Midnight Sun	0.0039	0.0032	0.0029
Polaris	0.0006	0.0015	0.0072
PBU-Satellites	0.0000	0.0000	0.0079
Aurora	0.0000	0.0037	0.0084
Kuparuk	0.2120	0.1959	0.1750
West Sak	0.0035	0.0051	0.0089
Tabasco	0.0061	0.0047	0.0046
Tarn	0.0269	0.0216	0.0205
Meltwater	0.0000	0.0000	0.0150
Milne Point	0.0470	0.0443	0.0431
Schrader Bluff	0.0062	0.0080	0.0146
Sag River	0.0001	0.0000	0.0010
Endicott ⁽¹⁾	0.0401	0.0349	0.0348
Eider	0.0004	0.0011	0.0009
Badami	0.0036	0.0022	0.0020
Lisburne	0.0088	0.0100	0.0102
Point McIntyre	0.0794	0.0593	0.0511
Niakuk	0.0246	0.0182	0.0242
West Beach	0.0019	0.0010	0.0009
N Prudhoe Bay State	0.0000	0.0002	0.0005
Nanuq	0.0000	0.0003	0.0009
Alpine	0.0000	0.0375	0.0900
Northstar	<u>0.0000</u>	<u>0.0000</u>	<u>0.0320</u>
Total	1.0354	0.9955	1.0686

⁽¹⁾ Includes Sag Delta.

Petroleum Corporate Income Tax

A petroleum corporation's Alaska corporate income tax revenue is a function of the relative size of the corporation's Alaska-vs.-worldwide activities and total worldwide net earnings. The corporation's Alaska taxable income is derived by apportioning the corporation's worldwide taxable income to Alaska using the average of three factors: the proportion of the corporation's (1) tariffs and sales; (2) oil and gas production; and, (3) oil and gas property in Alaska.

Industry Reorganization.

Oil corporate income tax revenue is volatile, and consequently very difficult to predict. Compounding this difficulty is the uncertainty created as a result of the reorganization of five of the largest oil companies in Alaska (ARCO, BP, Exxon, Mobil and Phillips). Approximately 95 percent of the total Alaska petroleum corporate income tax revenue is paid by these five oil companies. These corporations have merged with each other or other entities:

- On December 31, 1998, BP merged with Amoco.
- On November 30, 1999, Exxon merged with Mobil.
- On April 13, 2000, the Federal Trade Commission approved the merger of BP Amoco and ARCO and the sale of ARCO Alaska to Phillips.
- On February 4, 2001, Phillips announced that it has agreed to purchase Tosco.

These reorganizations affect earnings and the size of the factors used to apportion income to Alaska.

Restricted Oil Revenue

All the revenues discussed so far are unrestricted with the following exceptions broken out from the table below.

Currently a minimum of 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state are deposited into the Permanent Fund. State oil and gas leases issued, after 1980, require a 50 percent contribution to the fund. In addition, 0.5 percent of all royalties and bonuses are deposited in the Public School Fund Trust. As explained earlier, any settlements with or judgments against the oil industry are deposited in the CBRF. In FY 2000, deposits in the CBRF were the highest since FY 1997, and the fifth highest total ever.

Table 16. Restricted Oil Revenue
\$ Million

	<u>Actual</u> <u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
<u>Restricted</u>			
Royalties to the Permanent Fund	301.1	307.4	270.4
Royalties to the Public School Fund	<u>5.4</u>	<u>5.6</u>	<u>4.5</u>
Subtotal	306.5	313.0	274.9
 Settlements to CBRF	 <u>448.3</u>	 <u>45.0</u>	 <u>100.0</u>
 Total	 754.8	 358.0	 374.9

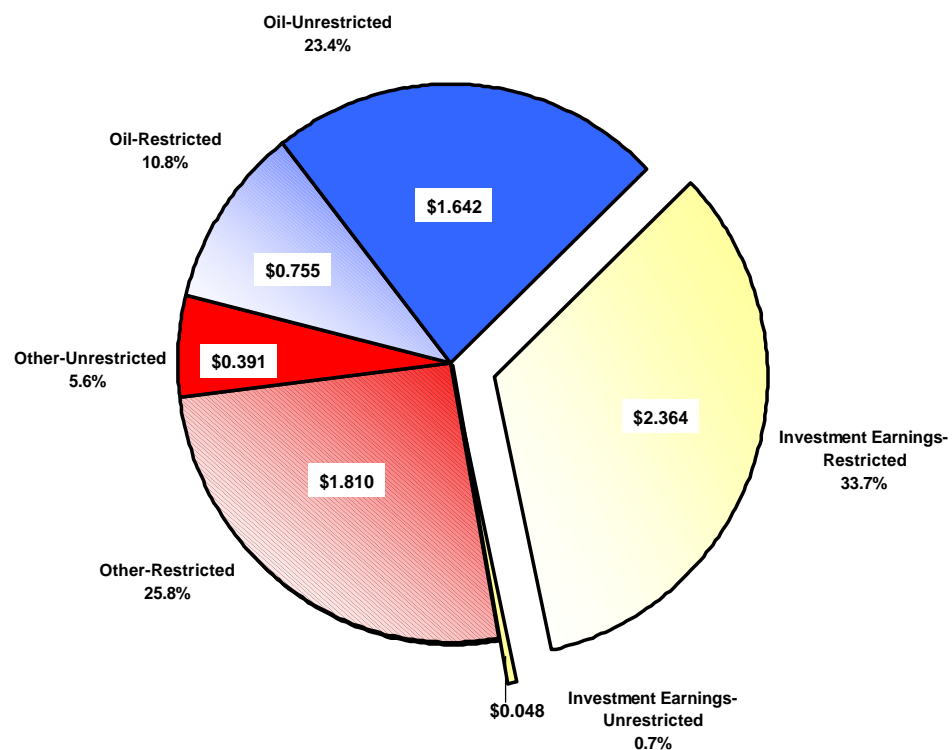
IV. INVESTMENT REVENUE

**Table 17. Total Investment Revenue,
Actual FY 2000 and Projected FY 2001-2002**
\$ Million

	<u>Actual FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
<u>Unrestricted</u>			
General Fund Investments	48.1	96.8	40.3
<u>Restricted</u>			
Constitutional Budget Reserve Fund	114.5	210.6	154.9
Permanent Fund Dividends	1,172.0	1,149.0	1,136.0
Permanent Fund Inflation Proofing	423.0	685.0	693.0
Required Deposits to Permanent Fund Principal	280.0	13.0	20.0
Permanent Fund Undistributed Net Income (GASB)	371.0	(2,145.0)	200.0
Other Appropriations ⁽¹⁾	<u>3.0</u>	<u>0.0</u>	<u>0.0</u>
Subtotal	2,363.5	(87.4)	2,203.9
Total	2,411.6	9.4	2,244.2

⁽¹⁾ Permanent Fund revenue used for oil and gas revenue-related matters.

Figure 9. FY 2000 Total Revenue (\$Billion)



Unrestricted Investment and Interest Revenue

The table below depicts the state's unrestricted investment revenue, plus a small amount of interest income from certain loans and federal settlements. Most of this revenue comes from the investment of the state's General Fund. The large increase in revenue in FY 2001 is the result of better than expected earnings (roughly 8.7 percent rather than the anticipated 5.3 percent) on General Fund investments. The General Fund is invested entirely in bonds, which have risen in value in FY 2001 as the Federal Reserve has cut interest rates. Unanticipated one-time interest payments, associated with oil and gas royalty obligations, also contributed to the increase. We expect future earnings from investing the state's General Fund to average 5.37 percent.

**Table 18. Unrestricted Investment and Interest Revenue,
Actual FY 2000 and Projected FY 2001-2010
\$ Million**

<u>Fiscal Year</u>	<u>General Fund Investments</u>
2000	48.1
2001	96.8
2002	40.3
2003	40.3
2004	40.3
2005	40.3
2006	40.3
2007	40.3
2008	40.3
2009	40.3
2010	40.3

Constitutionally Restricted Investment Revenue

The table below depicts the investment income for the constitutionally restricted investment revenue.

**Table 19. Constitutionally Restricted Investment Revenue,
Actual FY 2000 and Projected FY 2001-2002
\$ Million**

	Actual		
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
<u>Restricted</u>			
Constitutional Budget Reserve Fund	114.5	210.6	154.9
Permanent Fund Dividends	1,172.0	1,149.0	1,136.0
Permanent Fund Inflation Proofing	423.0	685.0	693.0
Required Deposits to Permanent Fund Principal	280.0	13.0	20.0
Permanent Fund Undistributed Net Income (GASB)	371.0	(2,145.0)	200.0
Other Appropriations ⁽¹⁾	<u>3.0</u>	<u>0.0</u>	<u>0.0</u>
Total	2,363.5	(87.4)	2,203.9

(1) Permanent Fund revenue used for oil and gas revenue-related matters.

Constitutional Budget Reserve Fund

Voters approved a constitutional amendment in 1990 requiring the state to deposit all settlements from oil and gas tax and royalty disputes into the Constitutional Budget Reserve Fund (CBRF). The money in the CBRF is invested by the Department of Revenue, and the CBRF retains its own investment earnings. Although, in theory, the legislature may appropriate money from the CBRF under certain conditions with a simple majority vote, in practice those conditions do not occur and it takes a three-fourths vote of the members of each chamber to make an appropriation.

The legislature has appropriated money out the CBRF in every year except 1997 to balance the state's budget. The Alaska Constitution requires the General Fund to repay the money appropriated from the CBRF if the General Fund has a surplus at the end of any fiscal year. The General Fund does not pay interest on the money it has "borrowed" from the CBRF. As of June 30, 2000, the General Fund had "borrowed" almost \$4 billion from the CBRF.

Table 20. Constitutional Budget Reserve Fund
\$ Million

The spring 2001 revenue forecast for the Constitutional Budget Reserve Fund is summarized below.

	<u>Actual FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
CONSTITUTIONAL BUDGET RESERVE FUND			
Beginning Balance CBRF ⁽¹⁾	2,628.3	2,734.2	2,991.4
Beginning Main Account Balance	2,628.3	2,734.2	2,618.3
Transfer to "5-Year-Plus" Subaccount	-	(400.0)	0.0
Transfer to PCE Account	(100.0)	-	0.0
Earnings on Main Account Balance ⁽²⁾	114.5	237.6	122.9
Petroleum Tax, Royalty Settlements ⁽³⁾	448.3	45.0	100.0
Loan to GF (prior year)	(42.1)	0.0	0.0
Loan to GF (current year) ⁽⁴⁾	(314.8)	1.5	(622.2)
Ending Main Account Balance	2,734.2	2,618.3	2,219.0
Beginning "5-Year-Plus" Subaccount Balance	-	400.0	373.1
Earnings on "5-Year-Plus" Subaccount Balance ⁽²⁾	-	(26.9)	32.0
Draw on "5-Year-Plus" Subaccount	-	0.0	0.0
Ending "5-Year-Plus" Subaccount Balance	-	373.1	405.1
Total CBRF Balance	2,734.2	2,991.4	2,624.1

⁽¹⁾ The FY 2000 activity reflects actual activity for the CBRF effective June 30, 2000. Subsequent activity is estimated.

⁽²⁾ The projected earnings rate for FY 2001 for the Main Account is about 10 percent. It is 5.82 percent in FY 2002 for the Main Account and 8.25 percent for the 5-Year-Plus subaccount. With higher equity exposure in the 5-Year-Plus subaccount, the deflation of the stock market in FY 2001 resulted in a loss. These projections are based on Callan's capital market assumptions and Department of Revenue, Treasury Division's asset allocation.

⁽³⁾ Settlement estimates are provided by the Department of Revenue and Department of Law net of annual Federal Minerals Management Service payments.

⁽⁴⁾ The FY 2001 and 2002 CBRF draw projections are based on the Spring 2001 revenue projections and an assumed expenditure of \$2.4 billion in general purpose revenue.

Alaska Permanent Fund

In 1976, voters established the Alaska Permanent Fund by constitutional amendment. The amendment requires that at least 25 percent of the state's mineral lease bonuses, rentals, royalties and federal mineral revenue-sharing payments be deposited into the fund. The amendment also requires "all income from the Permanent Fund must be deposited into the General Fund unless otherwise provided by law." The legislature has, as described later, provided for use of some of the fund's income. The fund's principal, however, is protected by the constitution.

The legislature established the Alaska Permanent Fund Corporation (APFC) to manage and invest the fund's assets. The APFC is a public corporation managed by a board of trustees appointed by the governor.

The fund has grown significantly over the years, and as of February 28, 2001, had a market value of \$25.7 billion. The fund is running at a loss in FY 2001, enduring the financial pain of a falling stock market.

The table on the next page reflects the projected balances for the Permanent Fund, as of February 28, 2001, using the spring forecast for dedicated revenue.

Table 21. Alaska Permanent Fund
\$ Million

	Actual FY 2000	FY 2001	FY 2002
PERMANENT FUND ⁽¹⁾			
<u>Principal</u>			
Beginning Balance	19,001.0	20,015.0	21,020.3
Dedicated Petroleum Revenue	311.0	307.3	270.4
Inflation-Proofing	423.0	685.0	693.0
Deposits to Principal	<u>280.0</u>	<u>13.0</u>	<u>20.0</u>
End-of-Year Balance	20,015.0	21,020.3	22,003.7
<u>Earnings and Earnings Reserve Account (GASB Income)</u>			
Earning Reserve Account (ERA) Beginning Balance	6,131.2	6,502.2	4,357.2
GASB Net Income	2,249.0	(298.0)	2,049.0
Dividend Payout	(1,172.0)	(1,149.0)	(1,136.0)
Inflation-Proofing	(423.0)	(685.0)	(693.0)
Deposits to Principal	(280.0)	(13.0)	(20.0)
Other Appropriations	<u>(3.0)</u>	<u>0.0</u>	<u>0.0</u>
ERA End-of-Year Balance (GASB)	6,502.2	4,357.2	4,557.2
<u>Earnings and Earnings Reserve Account (Statutory Income)</u>			
ERA Beginning Balance	2,590.0	2,972.0	2,674.0
Statutory Net Income	2,260.0	1,549.0	1,909.0
Dividend Payout	(1,172.0)	(1,149.0)	(1,136.0)
Inflation-Proofing	(423.0)	(685.0)	(693.0)
Deposits to Principal	(280.0)	(13.0)	(20.0)
Other Appropriations	<u>(3.0)</u>	<u>0.0</u>	<u>0.0</u>
ERA End-of-Year Balance (Statutory)	2,972.0	2,674.0	2,734.0
<u>Market Value</u>			
Principal End-of-Year Balance	20,015.0	21,020.3	22,003.7
ERA End-of-Year Balance (Statutory Income)	2,972.0	2,674.0	2,734.0
End-of-Year Unrealized Earnings	3,529.0	1,683.2	1,823.2
Dividends Payable and Other Liabilities	<u>1,594.0</u>	<u>1,149.0</u>	<u>1,136.0</u>
End-of-Year Balance (Market Value)	28,110.0	26,526.5	27,696.9
<u>Reconciliation</u>			
Dividends Payable and Other Liabilities	<u>(1,594.0)</u>	<u>(1,149.0)</u>	<u>(1,136.0)</u>
End-of-Year Balance (Market Value)	26,516.0	25,377.5	26,560.9

⁽¹⁾ Source: Permanent Fund Corporation estimates using 2/28/01 financial statements.

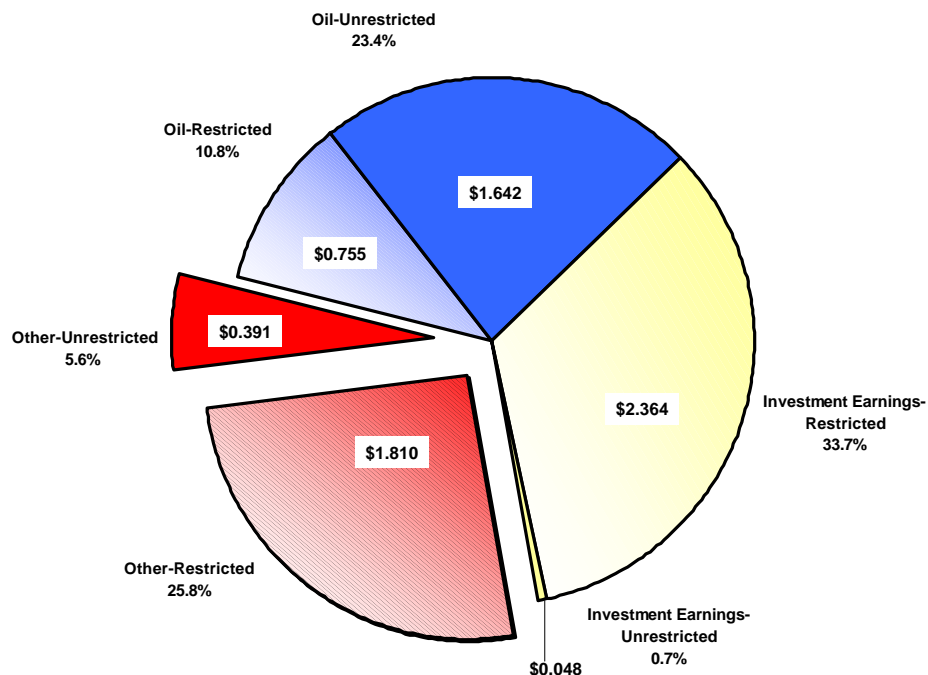
⁽²⁾ Deposits to principal include royalty litigation settlement payments that cannot legally be used to pay Permanent Fund dividends.

V. OTHER REVENUE

**Table 22. Other Revenue,
Actual FY 2000 and Projected FY 2001-2002
\$ Million**

	<u>Actual FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Other Revenue			
<u>Unrestricted</u>			
Alcohol, Tobacco, Fuel and Insurance Tax	99.8	93.5	93.3
Corporate Income Tax	56.3	61.0	55.0
Fish Tax	27.6	17.7	14.8
Other Tax	8.2	7.9	7.9
Licenses & Permits	68.4	49.0	49.7
Charges for Services	43.7	30.0	30.0
Other Miscellaneous	<u>87.3</u>	<u>74.9</u>	<u>65.7</u>
Subtotal	391.3	334.0	316.4
<u>Restricted</u>			
Federal Funds	1,217.0	1,826.2	2,070.2
Trusts	49.6	64.4	66.6
Dedicated Funds	58.7	59.0	59.1
Statutorily Restricted	<u>484.5</u>	<u>654.9</u>	<u>698.2</u>
Subtotal	1,809.8	2,604.5	2,894.1
Total	2,201.1	2,938.5	3,210.5

Figure 10. FY 2000 Total Revenue (\$ Billion)



Unrestricted Other Revenue

The non-petroleum revenues are projected based on trend extrapolation, econometric analysis and assessment by state economists and resource and financial managers.

Table 23. Unrestricted Other Revenue ⁽¹⁾
Actual FY 2000 and Projected FY 2001-2010
\$ Million

Fiscal Year	Alcohol Tobacco	Fuel	General	Fish	Other	Licenses/ Permits	Charges for	Other	Total
	Insurance	Tax	Corporation	Tax	Tax	Permits	Services	Misc	
Actual 2000		99.8	56.3	27.6	8.2	68.4	43.7	87.3	391.3
2001		93.5	61.0	17.7	7.9	49.0	30.0	74.9	334.0
2002		93.3	55.0	14.8	7.9	49.7	30.0	65.7	316.4
2003		93.6	53.0	15.1	8.0	50.4	30.0	64.1	314.2
2004		93.8	53.0	15.1	8.1	51.1	30.0	62.3	313.4
2005		94.0	53.0	15.1	8.2	51.8	30.0	62.8	314.9
2006		94.2	53.0	15.1	8.2	52.6	30.0	63.1	316.2
2007		94.5	53.0	15.1	8.3	53.4	30.0	63.4	317.7
2008		94.8	53.0	15.1	8.4	54.2	30.0	72.5	328.0
2009		95.1	53.0	15.1	8.5	55.0	30.0	73.0	329.7
2010		95.4	53.0	15.1	8.6	55.8	30.0	73.5	331.4

Alcohol, Tobacco and Motor Fuel Tax

Alcohol.

Alcohol tax collections are up in FY 2000. Some of this increase may be the result of millennium-related consumption increases. However, after approximately 10 years of flat to declining revenue, there has been a general trend toward increased taxable consumption. The trend started in FY 1997 and follows national trends in alcohol consumption. Consequently, we project that after a 3 percent decrease in FY 2001, alcohol revenues will grow slowly at approximately 1 percent a year.

Tobacco.

Tax. On October 1, 1997, the state's cigarette tax rate increased from \$0.29 to \$1 per pack (for 20 cigarettes), and the tax rate on other tobacco products (e.g., cigars and smokeless) increased from 25 percent to 75 percent of the wholesale price. As result of the tax rate increase, total revenue from tobacco taxes increased by 196 percent in FY 1999. The revenue from the 1997 cigarette tax rate increase goes to the School Fund and is included under restricted revenue. The revenue from other tobacco products goes to the General Fund (see table below).

FY 1999 was the first full year with the increased tax rate and no stockpiling effect. In FY 2000, General Fund cigarette consumption remained relatively flat but there was a 9 percent increase in the taxable wholesale value of other tobacco products. Approximately \$500,000 in school fund revenue and \$400,000 in general fund revenue in FY 2000 is due to a change from cash to accrual accounting. Other tobacco products revenue will level off after FY 2000 and cigarette tax revenue will decrease by approximately 9 percent in FY 2001 and continue decreasing by approximately 2 percent for the next five years.

Settlement. The Tobacco Settlement was signed by 46 states (including Alaska) in November of 1998. The first payments from the settlement were made in FY 2000 (see table). For FY 2001, the state received an initial payment of approximately \$7.5 million and will receive an estimated additional \$13.9 million annual payment in April. Future payments are estimates because they are contingent on terms of the agreement, including volume and inflation adjustments. The legislature in 2000 authorized the sale of 40 percent of the future revenue stream from the tobacco settlement to a new public corporation, the Northern Tobacco Securitization Corporation, a subsidiary of the Alaska Housing Finance Corporation. In return for the revenue stream, the NTSC paid the state \$93 million, which the legislature appropriated for school construction and repair.

Table 24. Tobacco Tax and Settlement
\$ Million

<u>Tax</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Dedicated School Fund	32.7	32.9	29.7	29.1
General Fund	<u>15.2</u>	<u>16.3</u>	<u>15.1</u>	<u>14.8</u>
Total	47.9	49.2	44.8	43.9
<u>Settlement</u>				
General Fund	0.0	27.9	21.4	15.5
NTSC ⁽¹⁾	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>10.3</u>
	0.0	27.9	21.4	25.8

⁽¹⁾ Northern Tobacco Securitization Corporation

Motor Fuel.

In July 1997, the following changes were made to the Alaska motor fuel statute: (1) the gasohol exemption was repealed; (2) an exemption for marine bunker fuel was passed; (3) the foreign flight exemption was expanded. Primarily as a result of these changes, highway motor fuel revenue increased from \$19.9 million in FY 1997 to \$24 million in FY 1998, and aviation revenue decreased from \$8.1 million to \$5.3 million. Highway motor fuel revenue remained relatively flat in FY 2000 (decreased by less than 1 percent). We project that highway motor fuel revenue will continue to reflect the level trend in taxable gallons. The FY 2000 increase in aviation tax revenue is primarily the result of a settlement of past tax disputes. Because of the foreign flight exemption, revenue from aviation taxes will stay flat at approximately \$5.8 million after FY 2000. Marine tax revenue will also remain relatively flat at approximately \$6.1 million after FY 2000.

Fisheries Business Tax

FY 2000 is the first year since FY 1995 that fisheries business tax revenue increased. The decline in revenue in FY 2001 is mostly a result of lower volumes of sockeyes and pinks and a decline in shellfish volumes. For FY 2002, the 15 percent forecasted decline in revenue is mostly due to the continued decline in shellfish volumes and lower sockeye prices. Although crab stocks might improve in the next few years, we project that salmon values will remain at the FY 2002 level. There is also downside risk due to potential closures as a result of the Stellar Sea Lion lawsuit.

Table 25. Fisheries Business Tax
\$ Million

	FY 2000 Actual		FY 2001 Projected		FY 2002-2003
	<u>Value</u>	<u>Tax</u>	<u>Value</u>	<u>Tax</u>	<u>Change from FY 2001</u>
Halibut	107	3.2	120	3.7	Catch Same/ Unit Value Same
Salmon	383	14.7	280	10.7	Catch Same/ Unit Value Down
Herring	20	0.8	12	0.5	Catch Same/ Unit Value Same
Shellfish	284	10.9	120	4.2	Catch Down/ Unit Value Down
Groundfish	<u>224</u>	<u>7.1</u>	<u>260</u>	<u>8.3</u>	Catch Same/ Unit Value Same
Total	1,018	36.7	792	27.4	

Restricted Other Revenue

Table 26. Restricted Other Revenue,
Actual FY 2000, Authorized FY 2001 and Governor Proposed FY 2002
\$ Million

	<u>Actual</u> <u>FY 2000</u>	<u>Authorized</u> <u>FY 2001</u>	<u>Governor</u> <u>Proposed</u> <u>FY 2002</u>
<u>Federal Funds</u>			
Federal Receipts	1,217.0	1,826.2	2,070.2
<u>Dedicated Funds</u>			
School Fund (Cigarette Tax)	32.9	29.7	29.1
Fish and Game Fund	22.1	25.0	25.4
Second Injury Fund Reserve Account	2.9	2.9	3.2
Disabled Fishermans Reserve Account	0.7	1.3	1.3
Fishermans Fund Income	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Subtotal	58.7	59.0	59.1
<u>Statutorily Restricted</u>			
<u>General Fund and University</u>			
University of Alaska	136.6	199.9	185.8
Alaska Marine Highway Fund	76.3	80.1	80.5
International Airport Revenue Fund	74.1	72.7	103.4
Statutorily Designated Program Receipts	32.0	53.2	66.9
Receipt Supported Service	0.3	47.4	50.8
Other (see Appendix H)	19.2	38.2	38.5
<u>Public Investment Corporations</u>			
Alaska Housing Finance Corporation ⁽¹⁾	103.0	103.0	103.0
Alaska Industrial Development and Export Authority ⁽²⁾	26.0	18.5	17.5
Alaska Student Loan Corporation ⁽³⁾	0.0	2.2	4.0
Alaska Aerospace Development Corporation	6.0	0.2	6.7
Alaska Municipal Bond Bank	0.5	0.5	0.5
<u>Endowment and Trusts</u>			
Alaska Science & Technology Endowment	2.6	15.2	13.2
ASTF International Trade and Business Endowment	0.0	0.5	0.5
Alaska Children's Trust Fund	0.3	0.4	0.5
Investment Loss Trust Fund	0.0	6.2	0.0
Alaska Energy Authority	0.0	1.0	1.1
Power Cost Equalization Endowment Fund	0.0	7.1	13.3
Public School Trust Fund	<u>7.6</u>	<u>8.6</u>	<u>12.0</u>
Subtotal	484.5	654.9	698.2

⁽¹⁾ The Alaska Housing Finance Corporation is authorized to pay a \$103 million annual dividend through FY 2008. For further information on the use of the dividend as well as the use of other restricted revenues, see the OMB website <http://www.gov.state.ak.us/omb/2002site/Budget/2002budgethome.html>.

⁽²⁾ According to AS 44.88.088 The amount of the Alaska Industrial Development and Export Authority dividend for a fiscal year may not be less than 25 percent nor more than 50 percent of the net income of the authority for the fiscal year two years prior to the payment year.

⁽³⁾ Per AS 14.42.295, the board may elect to pay the state a return of contributed capital, or a dividend, for each based fiscal year that the corporation's net income equals or exceeds \$2 million. The payment may not be less than 10 percent nor more than 35 percent, as approved by the board, of the corporation's net income for the base fiscal year. The \$2.2 million dividend was declared in FY 2000 but transacted in FY 2001.

(continued on next page)

**Table 26, cont. Restricted Other Revenue,
Actual FY 2000, Authorized FY 2001 and Governor Proposed FY 2002
\$ Million**

	Actual FY 2000	Authorized FY 2001	Governor Proposed FY 2002
Trusts			
Mental Health Trust Authority Authorized Receipts	9.4	16.6	14.0
Mental Health Trust Administration	0.8	0.9	1.1
FICA Administration Fund Account	0.1	0.1	0.1
Public Employees Retirement Fund	23.8	25.8	29.1
Teachers Retirement System Fund	11.8	12.8	14.5
Judicial Retirement System	0.2	0.2	0.3
National Guard Retirement System	0.1	0.2	0.2
Alyeska Settlement Fund	0.0	0.1	0.0
Exxon Valdez Oil Spill Settlement	3.4	7.5	7.3
Exxon Valdez Oil Spill Restoration Fund	<u>0.0</u>	<u>0.2</u>	<u>0.0</u>
Subtotal	49.6	64.4	66.6
Total	1,809.8	2,604.5	2,894.1

Federal Revenue

Authorized federal funds comprise about one-quarter of the state's total restricted revenue in FY 2001. For the most part, the funds are restricted to specific uses and most federally funded programs come with a state match requirement or carry restrictions such as maintenance-of-effort requirements that prohibit reductions in the level of state funding. The largest categories of federal funding are highways (\$322 million), airports (\$111 million) and Medicaid (\$398 million). The state General Fund match required for receiving \$2.1 billion in federal funds for state FY 2002 is estimated at \$255 million.

The federal revenues received annually by the state are especially vulnerable to changes in federal laws and distribution formulas. Significant changes in the most recent budget bill passed by Congress (federal fiscal year 2001: October 1, 2000 – September 30, 2001) include increased airport spending in Alaska by \$44.3 million over the previous year and a highway funding increase of \$17 million. The formula that determines the federal share of the Medicaid program is up for reauthorization this year, and changes under debate in Congress could require an additional \$10 million in state matching funds for Medicaid in federal FY 2002.

As a note, the federal funds actually received by the state in FY 2000 are less than what was listed in the forecast a year ago. The estimates in the Department of Revenue fall forecast last year for FY 2000 and this year for FY 2001-2002 are the likely maximum amounts of federal funds the legislature will authorize state agencies to spend. As a result of this difference in definition, the large increase between the actual federal funds received in FY 2000 and the projected revenues in FY 2001 and 2002 is in part a matter of when the funds will actually be received vs. when they are appropriated.

In accordance with AS 37.07.060 (b)(4), the Revenue Sources book is compiled biannually by the Department of Revenue to assist the governor in formulating a proposed comprehensive financial plan for presentation to the Alaska State Legislature. Within the publication are shown prior year actuals, revised current year estimates and future year projections.

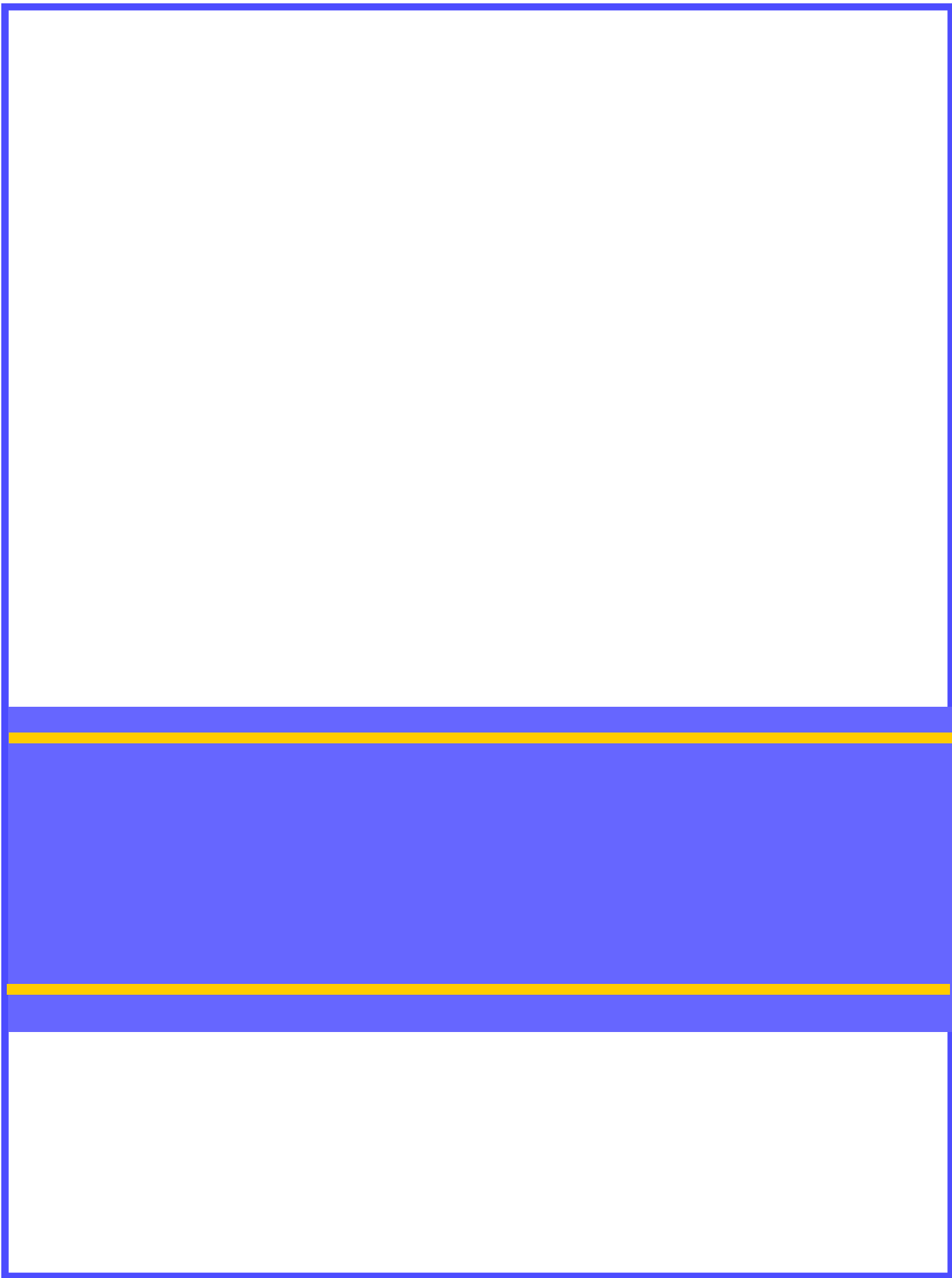
Anticipated state income is projected through the use of a number of data sources: (1) econometric models developed by the Department of Revenue to forecast unrestricted non-petroleum revenues; (2) a petroleum revenue model created by the department's Tax Division; and (3) estimates from individual state agencies.

We thank the various state agencies for their cooperation in computing anticipated revenues for publication in this document.

The Department of Revenue complies with Title II of the Americans With Disabilities Act of 1990. This publication is available in alternative communication formats upon request. Please contact the division's representative at 907.465.3692 or 907.465.3678 (TDD) to make necessary arrangements.

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APPENDIX A.
AKSAS Adjustments to General Fund Unrestricted Revenue to Derive *Unrestricted General Purpose Revenue*
\$ Million

	Unrestricted General Fund Revenue			Adjustments to AKSAS Structure			Unrestricted General Purpose Revenue		
	Actual 2000	2001	2002	Actual 2000	2001	2002	Actual 2000	2001	2002
Taxes									
Property Tax (1)	45.0	45.3	43.1	0.0	0.0	0.0	45.0	45.3	43.1
Sales/Use Tax									
Alcoholic Beverage	12.7	12.3	12.4	0.0	0.0	0.0	12.7	12.3	12.4
Tobacco Products	16.3	15.1	14.8	0.0	0.0	0.0	16.3	15.1	14.8
Insurance Premium	28.7	28.7	28.7	0.0	0.0	0.0	28.7	28.7	28.7
Electric and Telephone Cooperative (2)	3.2	3.3	3.3	(3.0)	(3.1)	(3.1)	0.2	0.2	0.2
Motor Fuel Tax-Aviation (3)	10.5	5.8	5.8	(0.2)	(0.2)	(0.2)	10.3	5.6	5.6
Motor Fuel Tax-Highway	25.5	25.5	25.5	0.0	0.0	0.0	25.5	25.5	25.5
Motor Fuel Tax-Marine	6.1	6.1	6.1	0.0	0.0	0.0	6.1	6.1	6.1
Subtotal	103.0	96.8	96.6	(3.2)	(3.3)	(3.3)	99.8	93.5	93.3
Income Tax									
Corporation General	56.3	61.0	55.0	0.0	0.0	0.0	56.3	61.0	55.0
Corporation Petroleum	162.7	275.0	200.0	0.0	0.0	0.0	162.7	275.0	200.0
Subtotal	219.0	336.0	255.0	0.0	0.0	0.0	219.0	336.0	255.0
Severance Tax									
Oil and Gas Production	693.2	703.0	515.8	0.0	0.0	0.0	693.2	703.0	515.8
Oil and Gas Conservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oil and Gas Haz Release	9.5	9.2	10.0	0.0	0.0	0.0	9.5	9.2	10.0
Subtotal	702.7	712.2	525.8	0.0	0.0	0.0	702.7	712.2	525.8
Other Resource Tax									
Salmon and Seafood Marketing (4)	7.2	0.0	0.0	0.0	0.0	0.0	7.2	0.0	0.0
Salmon Enhancement (5)	5.1	4.0	3.8	(5.1)	(4.0)	(3.8)	0.0	0.0	0.0
Dive Fishery Management Assessment (6)	0.2	0.0	0.0	(0.2)	0.0	0.0	0.0	0.0	0.0
Fisheries Business (7)	36.7	27.4	23.2	(18.5)	(13.7)	(11.6)	18.2	13.7	11.6
Fishery Resource Landing (8)	5.3	7.0	6.3	(3.1)	(3.0)	(3.1)	2.2	4.0	3.2
Subtotal	54.5	38.4	33.3	(26.9)	(20.7)	(18.5)	27.6	17.7	14.8
Other Tax									
Mining	3.4	3.0	3.0	0.0	0.0	0.0	3.4	3.0	3.0
Estate	2.5	2.6	2.6	0.0	0.0	0.0	2.5	2.6	2.6
Charitable Gaming	2.3	2.3	2.3	0.0	0.0	0.0	2.3	2.3	2.3
Subtotal	8.2	7.9	7.9	0.0	0.0	0.0	8.2	7.9	7.9
Subtotal Taxes	1,132.4	1,236.6	961.6	(30.1)	(24.0)	(21.8)	1,102.3	1,212.6	939.8

	Unrestricted General Fund Revenue			Adjustments to AKSAS Structure			Unrestricted General Purpose Revenue		
	Actual			Actual			Actual		
	2000	2001	2002	2000	2001	2002	2000	2001	2002
LICENSES AND PERMITS									
Motor Vehicle	34.1	34.8	35.5	0.0	0.0	0.0	34.1	34.8	35.5
Other (9)	<u>35.1</u>	<u>15.0</u>	<u>15.0</u>	<u>(0.8)</u>	<u>(0.8)</u>	<u>(0.8)</u>	<u>34.3</u>	<u>14.2</u>	<u>14.2</u>
Subtotal	69.2	49.8	50.5	(0.8)	(0.8)	(0.8)	68.4	49.0	49.7
CHARGES FOR SERVICES									
Marine Highways (10)	38.3	39.0	41.0	(38.3)	(39.0)	(41.0)	0.0	0.0	0.0
Other (11)	<u>43.7</u>	<u>30.0</u>	<u>30.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>43.7</u>	<u>30.0</u>	<u>30.0</u>
Subtotal	82.0	69.0	71.0	(38.3)	(39.0)	(41.0)	43.7	30.0	30.0
RENTS AND RESOURCES									
Mineral Bonuses and Rents (12)(13)	4.1	4.0	4.0	0.0	0.0	0.0	4.1	4.0	4.0
NET Oil and Gas Royalties (12)	<u>727.8</u>	<u>821.1</u>	<u>648.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>727.8</u>	<u>821.1</u>	<u>648.2</u>
Subtotal	731.9	825.1	652.2	0.0	0.0	0.0	731.9	825.1	652.2
INVESTMENT EARNINGS (14)	48.1	96.8	40.3	0.0	0.0	0.0	48.1	96.8	40.3
MISCELLANEOUS (15)									
Intergovernmental Receipts	1.0	1.0	1.0	0.0	0.0	0.0	1.0	1.0	1.0
Fines and Forfeitures (16)	46.2	32.4	26.7	0.0	0.0	0.0	46.2	32.4	26.7
Timber Sales	0.3	0.3	0.3	0.0	0.0	0.0	0.3	0.3	0.3
Net Coal Rent and Royalties (12)	1.5	1.0	1.0	0.0	0.0	0.0	1.5	1.0	1.0
Other Resource Revenue	7.9	11.0	8.0	0.0	0.0	0.0	7.9	11.0	8.0
Unclaimed Property	0.0	0.0	0.0	3.0	3.0	2.5	3.0	3.0	2.5
Deposit Excess Loan Funds	0.0	0.0	0.0	0.3	0.2	0.2	0.3	0.2	0.2
AHFC Dividend (17)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Miscellaneous (18)	<u>27.1</u>	<u>26.0</u>	<u>26.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>27.1</u>	<u>26.0</u>	<u>26.0</u>
Subtotal	84.0	71.7	63.0	3.3	3.2	2.7	87.3	74.9	65.7
Total Non-Petro Non-Interest	457.2	394.6	377.3				391.3	334.0	316.4
TOTAL UNRESTRICTED GENERAL FUND REVENUE	2,147.6	2,349.0	1,838.6	(65.9)	(60.6)	(60.9)			
UNRESTRICTED GENERAL PURPOSE REVENUE (19)							2,081.7	2,288.4	1,777.7

APPENDIX A-1.

Footnotes for APPENDIX A.

- (1) Amounts represent the state's share of the total oil and gas property taxes collected. Estimated total property taxes and the municipalities' share are as follows (\$ Million): FY 2000, \$266 and \$220; FY 2001, \$260 and \$215; FY 2002, \$247 and \$204; and FY 2003, \$237 and \$196. The municipal portion of this tax is not generally booked into AKSAS.
- (2) One hundred percent of this tax is subject to sharing with qualified municipalities (AS 10.25.570). Cooperative taxes sourced from outside of municipalities are retained by the state.
- (3) FY 2000 revenue includes past year tax adjustments as well as penalties and interest from a settlement with taxpayers. Sixty percent of taxes attributable to aviation fuel sales at municipally owned or operated airports are subject to sharing with qualified municipalities (AS 43.40.010)
- (4) Provides annual funding for the Alaska Seafood Marketing Institute (AS 16.51.120 and AS 43.76.120). Starting in FY 2001, with passage of HB 418, all seafood and salmon marketing revenue projections are classified as receipt supported services and are included under restricted revenues. The salmon marketing tax sunsets on June 30, 2003.
- (5) Provides annual funding for qualified regional aquaculture associations (AS 43.76.025).
- (6) Starting in FY 2000, this assessment (subject to legislative appropriation) will provide annual funding to a qualified regional dive fishery association (AS 43.76.150). With passage of HB 418 in FY 2001, Dive Fishery revenue projections are included under restricted revenue.
- (7) Fifty percent is subject to sharing with qualified municipalities (AS 43.75.130).
- (8) Fifty percent is subject to sharing with qualified municipalities (AS 43.77.060).
- (9) Includes amounts from professional and occupational, hunting and fishing, alcoholic beverage and other miscellaneous licenses and permits. Amounts from liquor licenses (AS 04.11.610) are shared to qualified municipalities. Starting in FY 2001, program receipts subject to the provisions of HB 418 are included under restricted revenues.
- (10) The gross revenue of the state ferry system is deposited in the Alaska Marine Highway Fund (AS 19.65.06) and may then be appropriated for system operating and capital expenditures.

- (11) Includes miscellaneous receipts for services, park fees and land-disposal fees. Health insurance premiums, statutorily designated program receipts, Regulatory Commission of Alaska, Test Fisheries program receipts are included under restricted revenues. Starting in FY 2001, program receipts subject to the provisions of HB 418 are also included under restricted revenues. The FY 2000 Comprehensive Annual Financial Report includes \$40.7 million in statutorily designated, regulatory commission, oil and gas commission, and test fisheries program receipts that are included here in Table 26 under restricted use.
- (12) Net of Permanent Fund, Public School Fund contributions and statutorily designated program receipts. The FY 2000 Comprehensive Annual Financial Report includes \$0.7 million in designated program and \$301.1 million in Permanent Fund receipts that are included here in Table 16 and Table 26 under restricted revenue.
- (13) Future oil and gas lease sales include a North Slope Foothills areawide and a Beaufort Sea areawide sale in October 2001. A Cook Inlet areawide sale is scheduled for May 2001. Fifty percent of the bonuses are deposited into the Permanent Fund.
- (14) Earnings include investment income from the General Fund and funds within the General Fund group. Additionally, includes interest income from state loans and royalty and severance taxes. The FY 2000 Comprehensive Annual Financial Report includes \$1 million in reclassifications that are not included here.
- (15) Includes intergovernmental receipts, fines and forfeitures, timber sales, coal rents and royalties and other resource revenue. Statutorily designated, Regulatory Commission of Alaska and Test Fisheries Program receipts are included under restricted revenue. Starting in FY 2001, program receipts subject to the provisions of HB 418 are included under restricted revenues.
- (16) Includes tobacco settlements payments and estimates. Inflation and volume adjustments have been estimated using the securitization proposals for Alaska. Actual receipts may vary due to terms of the agreement. For FY 2001-2003, these estimates are from \$2 million to \$3 million lower than the base payments. Additionally, starting in FY 2002, the Department of Revenue as authorized by HB 281 has sold 40 percent of the tobacco settlement receipts to the Northern Tobacco Securitization Corporation (a subsidiary of the Alaska Housing Finance Corporation).
- (17) The AHFC dividend revenue is reflected in Table 26.
- (18) The FY 2000 Comprehensive Annual Financial Report includes \$2.4 million in statutorily designated and restricted program receipts and \$18.5 million from the TAPS liability fund that are included here in Table 26 under restricted revenue.
- (19) This includes all unadjusted revenue that is collected by the state and is not restricted in its use. Federal and other grants are restricted revenue and are excluded.

APPENDIX B.
General Fund Unrestricted Revenue Sensitivity Matrices
\$ Thousand

FY 2001		million barrels per day		
\$ per barrel		0.90	1.00	1.10
18.00		1,960	1,980	2,000
19.00		1,960	1,980	2,000
20.00		1,960	1,980	2,000
21.00		1,960	1,980	2,000
22.00		1,990	2,010	2,040
23.00		2,010	2,040	2,080
24.00		2,030	2,070	2,120
25.00		2,050	2,110	2,160
26.00		2,080	2,140	2,200
27.00		2,100	2,170	2,240
28.00		2,120	2,200	2,280
29.00		2,140	2,230	2,320

FY 2002		million barrels per day		
\$ per barrel		0.90	1.00	1.10
18.00		1,430	1,510	1,580
19.00		1,480	1,570	1,650
20.00		1,540	1,630	1,720
21.00		1,590	1,690	1,780
22.00		1,650	1,750	1,850
23.00		1,700	1,810	1,910
24.00		1,750	1,870	1,980
25.00		1,810	1,930	2,040
26.00		1,860	1,990	2,110
27.00		1,910	2,040	2,180
28.00		1,970	2,100	2,240
29.00		2,020	2,160	2,310

FY 2003		million barrels per day		
\$ per barrel		0.90	1.00	1.10
18.00		1,390	1,470	1,540
19.00		1,440	1,520	1,610
20.00		1,500	1,580	1,670
21.00		1,550	1,640	1,730
22.00		1,600	1,700	1,790
23.00		1,650	1,750	1,860
24.00		1,700	1,810	1,920
25.00		1,750	1,870	1,980
26.00		1,810	1,930	2,050
27.00		1,860	1,980	2,110
28.00		1,910	2,040	2,170
29.00		1,960	2,100	2,240

APPENDIX C.

Petroleum Severance Tax and Royalty Revenue Forecast

\$ Million

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Alaska North Slope										
Oil Royalty - Net	766.1	614.6	576.2	515.4	459.6	399.8	385.5	365.7	342.8	319.7
Oil Severance Tax	687.3	499.7	430.4	354.4	297.8	252.5	222.1	187.5	159.7	140.3
Conservation Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hazardous Release Fund	9.0	9.8	10.0	9.8	10.0	9.9	9.6	9.3	8.9	8.4
Gas Royalty	1.1	0.9	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7
Gas Severance Tax	2.0	1.9	1.7	1.5	1.3	1.2	1.1	1.1	1.0	1.0
Subtotal	1,465.5	1,126.8	1,019.2	881.9	769.4	664.0	618.9	564.3	513.1	470.0
Cook Inlet										
Oil Royalty - Net	25.8	13.7	11.7	10.0	8.5	7.2	6.7	6.2	5.7	5.3
Oil Severance Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Conservation Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hazardous Release Fund	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Gas Royalty	28.2	19.0	19.8	20.6	21.5	22.4	23.4	24.4	25.5	26.6
Gas Severance Tax	13.7	14.2	14.8	15.4	16.0	16.7	17.4	18.1	18.8	19.6
Subtotal	67.8	47.2	46.4	46.1	46.1	46.5	47.6	48.8	50.1	51.6
TOTAL PRODUCTION TAX and ROYALTY REVENUE	1,533.3	1,174.0	1,065.6	928.1	815.6	710.5	666.5	613.1	563.2	521.7
Bonuses	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
TOTAL PRODUCTION TAX + ROYALTIES + BONUSES	1,537.3	1,178.0	1,069.6	932.1	819.6	714.5	670.5	617.1	567.2	525.7

APPENDIX D.
Historical and Projected Crude Oil Prices
\$ per Barrel

	nominal\$	real 2001\$	nominal\$	real 2001\$	nominal\$	real 2001\$
FY	WTI		ANS Wellhead		ANS West Coast	
1982	32.98	61.94	21.12	39.68	-	-
1983	35.52	62.32	18.96	33.27	-	-
1984	30.59	52.32	17.54	29.99	-	-
1985	28.15	46.19	17.37	28.50	-	-
1986	23.11	36.55	13.36	21.13	-	-
1987	16.14	25.08	6.92	10.76	-	-
1988	18.53	27.76	10.53	15.78	16.12	24.15
1989	16.93	24.42	9.36	13.50	14.61	21.07
1990	20.06	27.51	11.90	16.31	17.22	23.61
1991	24.95	32.69	15.38	20.15	21.57	28.26
1992	20.69	25.89	11.21	0.00	16.64	20.82
1993	20.69	25.11	12.81	15.55	17.83	21.64
1994	16.69	19.67	9.57	11.28	14.05	16.56
1995	18.54	21.32	11.51	13.23	16.77	19.28
1996	19.20	21.42	12.60	14.06	17.74	19.80
1997	22.54	24.48	16.40	17.81	20.90	22.70
1998	18.03	19.14	11.91	12.64	15.86	16.84
1999	14.09	14.71	8.47	8.84	12.73	13.29
2000	24.82	25.41	18.82	19.27	23.27	23.83
2001	30.26	30.26	22.70	22.70	27.61	27.61
2002	24.98	24.19	17.35	16.81	22.35	21.65
2003	23.37	21.92	16.12	15.12	20.97	19.67
2004	22.12	20.10	16.12	14.64	19.67	17.87
2005	20.90	18.39	13.39	11.78	18.46	16.24
2006	19.75	16.83	12.10	10.31	17.30	14.74
2007	19.75	16.30	11.98	9.89	17.30	14.28
2008	19.75	15.79	11.74	9.39	17.30	13.83
2009	19.75	15.29	11.51	8.91	17.30	13.39
2010	19.75	14.81	11.30	8.48	17.30	12.97

APPENDIX E.

Historical and Projected Crude Oil Production.

Million Barrels per Day

FY	Prudhoe Bay	PBU-Satellites	Kuparuk	Kup-Satellites	Milne Point	Endicott	Lisburne	Point McIntyre	Niakuk	West Beach	Alpine	Nanuq	Northstar	Liberty	Known Onshore	Known Offshore	Fiord	TOTAL ANS
1978	0.702	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.702
1979	1.197	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.197
1980	1.421	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.421
1981	1.511	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.511
1982	1.531	0.000	0.039	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.570
1983	1.532	0.000	0.095	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.627
1984	1.539	0.000	0.118	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.657
1985	1.534	0.000	0.161	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.694
1986	1.555	0.000	0.238	0.000	0.009	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.802
1987	1.564	0.000	0.272	0.000	0.006	0.000	0.018	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.859
1988	1.605	0.000	0.287	0.000	0.000	0.069	0.044	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.005
1989	1.524	0.000	0.300	0.000	0.002	0.098	0.038	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.962
1990	1.396	0.000	0.300	0.000	0.011	0.103	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.846
1991	1.330	0.000	0.299	0.000	0.018	0.108	0.039	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.794
1992	1.300	0.000	0.316	0.000	0.020	0.111	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.783
1993	1.193	0.000	0.322	0.000	0.018	0.115	0.030	0.000	0.000	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.679
1994	1.082	0.000	0.308	0.000	0.018	0.099	0.020	0.059	0.002	0.004	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.593
1995	0.991	0.000	0.303	0.000	0.021	0.099	0.020	0.121	0.014	0.003	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.572
1996	0.890	0.000	0.283	0.000	0.022	0.089	0.015	0.147	0.024	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.474
1997	0.809	0.000	0.267	0.000	0.052	0.068	0.013	0.166	0.028	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.404
1998	0.713	0.000	0.260	0.001	0.053	0.058	0.008	0.152	0.029	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.275
1999	0.636	0.003	0.241	0.025	0.055	0.048	0.007	0.119	0.029	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.164
2000	0.570	0.004	0.212	0.037	0.053	0.044	0.009	0.079	0.025	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.035
2001	0.543	0.008	0.196	0.031	0.052	0.038	0.010	0.059	0.018	0.001	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.995
2002	0.512	0.026	0.175	0.049	0.059	0.038	0.010	0.051	0.024	0.001	0.090	0.001	0.032	0.000	0.000	0.000	0.000	1.069
2003	0.479	0.038	0.160	0.067	0.064	0.036	0.010	0.049	0.023	0.001	0.095	0.001	0.064	0.000	0.000	0.000	0.000	1.086
2004	0.449	0.049	0.148	0.079	0.069	0.034	0.009	0.044	0.019	0.001	0.095	0.001	0.064	0.000	0.000	0.000	0.007	1.069
2005	0.419	0.054	0.138	0.084	0.073	0.033	0.008	0.040	0.017	0.001	0.095	0.001	0.064	0.035	0.000	0.000	0.022	1.083
2006	0.394	0.058	0.129	0.086	0.078	0.031	0.007	0.037	0.015	0.001	0.086	0.005	0.059	0.055	0.000	0.000	0.021	1.061
2007	0.373	0.062	0.121	0.085	0.075	0.029	0.006	0.035	0.013	0.001	0.077	0.010	0.054	0.052	0.020	0.000	0.018	1.031
2008	0.345	0.061	0.114	0.086	0.072	0.027	0.006	0.033	0.012	0.001	0.069	0.012	0.044	0.042	0.040	0.012	0.016	0.992
2009	0.328	0.056	0.108	0.091	0.069	0.024	0.005	0.031	0.011	0.001	0.062	0.011	0.034	0.034	0.055	0.015	0.014	0.949
2010	0.312	0.052	0.103	0.093	0.067	0.022	0.005	0.030	0.010	0.001	0.057	0.010	0.029	0.029	0.056	0.014	0.013	0.901

(1) Includes NGLs from Central Gas Facility shipped to TAPS

(2) Midnight Sun, Polaris, Aurora and PBU- Schrader

(3) West Sak, Tobasco, Tam and Meltwater

(4) Milne Point includes Schrader Bluff and Sag River

(5) Endicott includes Sag Delta, Eider and Badami

(6) West Beach and North Prudhoe Bay State.

(7) Sourdough and Point Thompson

(8) Sandpipe and other known offshore.

APPENDIX F.
HISTORICAL PETROLEUM REVENUE
\$ Million

FY	Corporation Petroleum Tax	Severance Tax	Petroleum Property Tax	Reserve Tax	(1) (2) Royalties	(1) (2) Bonuses and Rents	(3) Petroleum Special Settlements	Total Petroleum Revenue	Cumulative TOTAL Petroleum Revenue	Total GF Unrestricted Revenue	% of Total GF Unrestricted Revenue
1959	.	.	.	.	3.1	.	.	3.1	3.1	25.4	12%
1960	.	.	.	.	5.8	4.1	.	9.9	13.0	48.0	21%
1961	.	.	.	.	2.4	1.8	.	4.2	17.2	40.5	10%
1962	.	0.2	.	.	4.5	21.3	.	26.0	43.2	68.9	38%
1963	.	0.3	.	.	8.6	18.9	.	27.8	71.0	71.6	39%
1964	.	0.3	.	.	8.7	5.9	.	14.9	85.9	67.0	22%
1965	.	0.3	.	.	8.4	7.8	.	16.5	102.4	83.0	20%
1966	.	0.3	.	.	8.0	13.3	.	21.6	124.0	86.5	25%
1967	.	0.5	.	.	9.6	11.4	.	21.5	145.5	86.6	25%
1968	0.1	10.2	.	.	17.0	24.7	.	52.0	197.5	112.7	46%
1969	0.1	5.6	.	.	24.7	4.1	.	34.5	232.0	112.4	31%
1970	0.4	7.9	.	.	27.5	903.1	.	938.9	1,170.9	1,067.3	88%
1971	0.9	10.5	.	.	32.5	3.1	.	47.0	1,217.9	220.4	21%
1972	1.2	11.4	.	.	32.5	3.3	.	48.4	1,266.3	219.2	22%
1973	0.9	12.0	.	.	30.2	7.2	.	50.3	1,316.6	208.2	24%
1974	1.2	14.8	.	.	35.8	28.4	.	80.2	1,396.8	254.9	31%
1975	2.5	26.6	6.6	.	49.8	4.9	.	90.4	1,487.2	333.4	27%
1976	4.9	28.0	83.4	223.1	48.4	3.7	.	391.5	1,878.7	709.8	55%
1977	5.0	23.8	139.1	270.6	36.3	2.8	.	477.6	2,356.3	874.3	55%
1978	8.4	107.7	173.0	.	150.6	1.8	.	441.5	2,797.8	764.9	58%
1979	232.6	173.8	163.4	.	250.2	1.6	.	821.6	3,619.4	1,133.0	73%
1980	547.5	506.5	168.9	.	689.4	344.2	.	2,256.5	5,875.9	2,501.2	90%
1981	860.1	1170.2	143.0	.	1119.7	11.3	.	3,304.3	9,180.2	3,718.0	89%
1982	668.9	1581.7	142.7	.	1174.4	7.1	.	3,574.8	12,755.0	4,108.4	87%
1983	236.0	1493.7	152.6	.	1105.6	38.7	.	3,026.6	15,781.6	3,631.0	83%
1984	265.1	1393.1	131.0	.	1058.5	13.9	.	2,861.6	18,643.2	3,390.1	84%
1985	168.6	1389.4	128.4	.	1042.2	14.9	.	2,743.5	21,386.7	3,260.0	84%
1986	133.9	1107.9	113.5	.	845.0	38.9	418.2	2,657.4	24,044.1	3,075.5	86%
1987	120.4	648.5	102.5	.	448.3	4.3	70.5	1,394.5	25,438.6	1,799.4	77%
1988	158.0	818.7	96.2	.	701.5	11.3	163.9	1,949.6	27,388.2	2,305.8	85%
1989	166.0	698.8	89.7	.	611.5	16.7	257.7	1,840.4	29,228.6	2,186.2	84%
1990	117.2	1001.6	89.8	0.0	753.7	4.2	154.8	2,121.3	31,349.9	2,507.2	85%
1991	185.1	1284.8	85.0	0.0	958.7	24.7	33.5	2,571.8	33,921.7	2,986.6	86%
1992	165.5	1053.2	69.0	0.0	708.2	6.8	4.7	2,007.4	35,929.1	2,462.6	82%
1993	117.6	1017.6	66.9	0.0	716.7	44.3	4.7	1,967.8	37,896.9	2,352.0	84%
1994	17.8	692.1	61.5	0.0	516.1	5.1	0.1	1,292.7	39,189.6	1,652.5	78%
1995	128.5	793.9	57.3	0.0	631.8	5.0	0.7	1,617.2	40,806.8	2,082.9	78%
1996	173.7	787.2	56.0	0.0	642.2	5.7	0.0	1,664.8	42,471.6	2,133.3	78%
1997	269.4	921.6	53.6	0.0	759.2	6.4	0.0	2,010.2	44,481.8	2,494.9	81%
1998	200.1	577.8	51.3	0.0	480.4	23.0	0.0	1,332.7	45,814.5	1,825.5	73%
1999	145.1	371.1	48.8	0.0	322.6	25.6	0.0	913.2	46,727.7	1,352.1	68%
2000	162.7	702.7	45.0	0.0	727.9	4.0	0.0	1,642.3	48,370.0	2,147.6	76%

APPENDIX G.
HISTORICAL GENERAL FUND UNRESTRICTED REVENUES
\$ Million

Tax Portion

	FY	1985	1985	1985	1985	1985	1985	1985	1985	1985	1985	1985	(1)	1996	(1)	1997	1998	(1)	1999	(1)	2000
TAXES																					
Property Tax		128.4	113.5	102.5	96.2	89.7	89.8	85.0	69.0	66.9	61.5	57.3	56.0	53.6	51.3	48.8	45.0				
Sales/Use																					
Alcoholic Beverages		13.9	13.3	12.6	12.1	11.8	12.0	12.2	12.0	11.9	12.0	12.0	12.0	11.6	11.8	12.2	12.7				
Tobacco Products		2.0	4.9	6.6	6.1	6.4	11.0	14.0	14.3	14.0	14.1	14.4	14.2	13.7	15.4	15.2	16.3				
Insurance Premium		17.5	21.1	23.7	23.7	19.4	22.7	24.4	25.5	26.3	26.1	27.9	28.2	28.4	33.7	28.4	28.7				
Motor Fuel Tax-Aviation		8.0	8.1	8.5	9.0	10.1	9.4	10.7	10.7	6.4	6.9	8.0	8.2	8.1	5.3	5.6	10.6				
Motor Fuel Tax-Highway		23.7	22.7	18.3	19.3	20.0	22.9	19.1	23.2	25.6	25.5	24.0	21.0	19.9	24.0	25.5	25.4				
Motor Fuel Tax-Marine		4.3	5.3	5.4	5.3	7.2	9.2	10.0	9.4	8.8	8.1	7.6	8.5	7.3	6.3	6.7	6.1				
Total		69.4	75.4	75.1	75.5	74.9	87.2	90.4	95.1	93.0	92.7	93.9	92.1	89.0	96.5	93.6	99.8				
Income Tax																					
Corporation General		36.0	11.2	20.5	23.4	38.0	45.3	37.9	33.7	25.1	44.3	67.0	53.3	48.4	53.4	53.8	56.3				
Corporation Petroleum		168.6	133.9	120.4	158.0	166.0	117.2	185.1	165.5	117.6	17.8	128.5	173.7	269.4	200.1	145.1	162.7				
Total		204.6	145.1	140.9	181.4	204.0	162.5	223.0	199.2	142.7	62.1	195.5	227.0	317.8	253.5	198.9	219.0				
Severance Tax																					
Oil and Gas Production		1,388.7	1,107.4	647.3	816.4	696.4	972.3	1,253.8	1,022.2	989.4	662.8	769.8	771.7	907.0	564.4	358.6	693.2				
Oil and Gas Conservation		0.7	0.5	1.2	2.3	2.4	2.4	2.3	2.3	2.1	2.3	2.0	1.8	1.7	1.6	1.4	0.0				
Oil and Gas Hazardous Release		0.0	0.0	0.0	0.0	0.0	26.9	28.0	28.7	26.1	27.0	22.1	13.7	12.9	11.8	11.1	9.5				
Total		1,389.4	1,107.9	648.5	818.7	698.8	1,001.6	1,284.1	1,053.2	1,017.6	692.1	793.9	787.2	921.6	577.8	371.1	702.7				
Other Natural Resource Tax																					
Salmon and Seafood Marketing		1.0	1.1	1.4	2.7	3.3	3.3	2.8	3.6	5.8	7.9	8.6	7.6	5.6	5.3	7.2					
Salmon Enhancement		2.6	4.3	4.4	5.8	9.5	6.5	6.2	4.2	6.8	5.0	5.7	5.2	4.2	3.9	5.1					
Dive Fishery Management		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2					
Fisheries Business		18.7	21.1	26.5	22.5	26.7	25.1	31.1	30.1	42.2	33.9	39.0	38.2	31.0	28.5	25.9	36.7				
Fish Landing		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	7.3	7.1	7.3	3.8	5.9	5.3				
Total		22.3	26.5	32.3	31.0	39.5	34.9	40.6	37.1	52.6	44.8	59.9	59.1	50.1	42.1	41.0	54.5				
Other Tax																					
Estate		0.5	0.7	1.1	0.3	0.7	1.1	3.3	1.0	0.9	1.6	1.2	1.7	1.7	5.5	1.7	2.5				
Other		40.9	4.3	3.8	3.8	4.2	4.7	4.1	4.1	4.1	4.7	4.8	4.9	5.0	6.1	6.5	8.9				
Total		41.4	5.0	4.9	4.1	4.9	5.8	7.4	5.1	5.0	6.3	6.0	6.6	6.7	11.6	8.2	11.4				
TOTAL TAXES		1,855.5	1,473.4	1,004.2	1,206.9	1,111.8	1,381.8	1,730.5	1,458.7	1,377.8	959.5	1,206.5	1,228.0	1,438.8	1,032.7	761.6	1,132.4				
Non Tax Portion																					
Licenses and Permits																					
		28.9	29.3	29.2	28.3	28.3	27.8	29.1	32.4	32.7	35.7	34.7	60.9	69.0	74.6	63.7	69.2				
Intergovernmental Receipts																					
Federal Shared Revenues		10.5	14.5	9.7	6.9	6.1	10.0	14.8	11.4	10.3	4.3	4.2	1.0	2.0	2.2	0.8	1.0				
Charges for Services																					
Marine Highways		33.4	32.3	31.3	29.8	33.1	34.0	40.7	42.3	40.8	40.4	41.5	38.5	38.6	37.1	38.8	38.3				
Other		19.2	15.9	15.7	10.0	10.5	12.2	16.5	44.1	14.3	18.0	18.1	36.9	39.5	34.9	31.8	43.7				
Total		52.6	48.2	47.0	39.8	43.6	46.2	57.2	86.4	55.1	58.4	59.6	75.4	78.1	72.0	70.6	82.0				
Fines and Forefeitures																					
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.4	8.2	37.7	12.5	46.2				
Rents and Royalties																					
Mineral Bonuses, Rents, Royalties		16.6	40.9	6.5	11.6	16.7	5.3	24.8	6.5	44.3	5.2	5.6	6.9	7.4	23.0	25.6	4.0				
Oil and Gas Royalties		1,034.0	830.7	439.3	694.8	605.9	747.4	951.6	702.4	711.3	512.1	628.3	642.2	759.2	480.4	322.6	727.9				
Timber Sales		3.1	2.9	7.2	1.1	0.5	0.8	0.4	0.6	0.6	0.4	0.6	1.5	1.9	0.8	0.3	0.3				
Sale of State Property		8.5	8.7	7.0	3.8	4.9	4.3	4.7	1.0	4.0	9.0	21.8	8.1	8.6	8.1	10.6	9.4				
Total		1,062.2	883.2	460.0	711.3	628.0	757.8	981.5	710.5	760.2	526.7	656.3	658.7	777.1	512.3	359.1	741.6				
Investment Earnings																					
		233.5	195.2	161.9	132.6	100.7	117.9	125.0	101.8	70.9	31.7	72.4	64.1	77.1	60.6	46.5	48.1				
Miscellaneous Revenue																					
		16.8	13.0	16.9	16.1	10.0	10.9	14.9	61.4	45.0	36.2	49.2	35.8	44.6	33.5	37.3	27.1				
Sub-TOTAL NON-TAX REVENUE		1,404.5	1,183.4	724.7	935.0	816.7	970.6	1,222.5	1,003.9	974.2	693.0	876.4	905.3	1,056.1	792.8	590.5	1,015.2				
Plus: Income from prior years		0.0	418.7	70.5	163.9	257.7	154.8	33.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
TOTAL NON-TAX REVENUE		1,404.5	1,602.1	795.2	1,098.9	1,074.4	1,125.4	1,256.1	1,003.9	974.2	693.0	876.4	905.3	1,056.1	792.8	590.5	1,015.2				
TOTAL TAX REVENUE		1,855.5	1,473.4	1,004.2	1,206.9	1,111.8	1,381.8	1,730.5	1,458.7	1,377.8	959.5	1,206.5	1,228.0	1,438.8	1,032.7	761.6	1,132.4				
TOTAL GENERAL FUND UNRESTRICTED REVENUE																					
		3,260.0	3,075.5	1,799.4	2,305.8	2,186.2	2,507.2	2,986.6	2,462.6	2,352.0	1,652.5	2,082.9	2,133.3	2,494.9	1,825.5	1,352.1	2,147.6				

(1) Starting in FY 1996, all program receipts are included in General Fund unrestricted revenue. FY 1996 also includes additional royalties due to payment from the TAPS Liability Fund.

APPENDIX H.**Other Statutory Restricted Revenue from Table 26.****\$ Thousand**

	FY 2000	FY 2001	FY 2002
Agricultural Loan Fund	1,793.7	1,949.0	1,946.9
Veterans Revolving Loan Fund	0.0	150.7	107.4
Commercial Fishing Loan Fund	175.0	2,836.4	2,873.8
Real Estate Surety Fund	0.0	273.5	273.8
Student Revolving Loan Fund	22.2	22.2	22.5
Training and Building Fund	570.0	581.7	682.6
Rural Development Initiative Fund	0.0	99.8	0.0
State Employment & Training Program	0.0	4,806.2	5,060.1
Small Business Loan Fund	0.0	3.3	3.4
Correctional Industries Fund	3,500.0	3,500.6	4,150.6
Power Project Loan Fund	250.0	802.5	807.5
Rural Electrification Revolving Loan Fund	366.1	350.0	350.0
Mining Revolving Loan Fund	0.0	5.0	5.1
Child Care Revolving Loan Fund	0.0	5.8	6.0
Historical District Revolving Loan Fund	0.0	2.5	2.5
Fisheries Enhancement Revolving Loan Fund	0.0	333.1	332.6
Alternative Energy Revolving Loan Fund	0.0	151.7	151.7
Bulk Fuel Revolving Loan Fund	0.0	49.0	49.3
Clean Air Protection Fund	1,809.3	2,261.4	2,266.4
Test Fisheries Receipts	2,793.7	4,039.8	4,010.8
Alaska Public Utility Commission	507.5	0.0	0.0
Vocational Rehabilitation Small Business Enterprise Fund	171.9	215.0	365.0
RCA Receipts	4,633.1	5,310.1	5,947.0
Technical Vocational Education Program Account	0.0	3,425.0	0.0
AK Fire Standards Council Receipts	0.0	220.0	221.5
State Land Disposal Income Fund	0.0	2,512.8	2,751.0
Timber Sale Receipts	0.0	0.0	280.0
Workers Safety and Compensation Administration Account	0.0	1,500.0	2,500.0
Alaska Oil & Gas Conservation Commission Rcpts	<u>2,608.6</u>	<u>2,770.7</u>	<u>3,317.3</u>
Total	19,201.1	38,177.8	38,484.8